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MILITARY CONSTRUCTION APPROPRIATIONS FOR 1991

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

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MILITARY CONSTRUCTION APPROPRIATIONS FOR 1991

WEDNESDAY, MARCH 21, 1990.

FISCAL YEAR 1991 GUARD AND RESERVE MILITARY CONSTRUCTION PROGRAM

WITNESSES

JOHN B. ROSAMOND, DEPUTY ASSISTANT SECRETARY OF DEFENSE, MATERIEL AND FACILITIES, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, RESERVE AFFAIRS

ARMY

BRIG. GEN. WILLIAM A. NAVAS, JR., USA, DEPUTY DIRECTOR, ARMY NATIONAL GUARD

BRIG. GEN. ROGER C. BULTMAN, USA, DEPUTY CHIEF, ARMY RESERVE

NAVY

REAR ADM. WALLACE N. GUTHRIE, JR., USNR, DEPUTY DIRECTOR, NAVAL RESERVE

AIR FORCE

BRIG. GEN. DONALD W. SHEPPERD, USAF, ASSISTANT DIRECTOR FOR PLANS, POLICY, AND PROGRAMS, AIR NATIONAL GUARD

BRIG. GEN. JOHN J. CLOSNER, USAF, DEPUTY CHIEF, AIR FORCE RESERVE

STATEMENT OF THE CHAIRMAN

Mr. HEFNER. The committee will come to order.

Today, we will review the $280.4 million budget request for the Reserve components for fiscal year 1991. Our principal witness is Mr. John B. Rosamond, the Deputy Assistant Secretary of Defense for Facilities for the Guard and the Reserve.

Mr. Rosamond, I would like to give you a message to take back to the Pentagon. The Department has deferred $71.8 million that we appropriated last year for the Army National Guard, the Air National Guard, and the Army Reserve. As you know, on March 6, the Comptroller General ruled that these deferrals were illegal, and yet the funds are still being impounded. I know that it is not your decision to make, but you are here today to represent the Office of the Secretary.

I want you to let them know that we are very unhappy. This is not a partisan issue, it is a matter of comity between the Executive Branch and Congress. I think we may move soon to mark-up a supplemental appropriations bill for Panama and Nicaragua. We may need to act on these deferrals as part of that bill, unless they see their way clear to do the right thing before we mark-up. We would like you to take that message back across the river.

We have several witnesses today, and in the interest of expediting matters, I will ask each of you to touch on the high points of your statement. Your entire prepared remarks will appear in the record.

Mr. Rosamond, you may proceed in any way you wish.

STATEMENT OF MR. ROSAMOND

Mr. ROSAMOND. Thank you, Mr. Chairman.

Certainly I understand your message. I can assure you I will carry your message back across the river.

As you know, I have General Navas and General Bultman at the table with me. I don't think they need any introduction. They have been here many times before.

I appreciate the opportunity to be here. I appreciate the opportunity to insert my entire statement in the record. I think I would really like to go on the record and say that I personally, as well as my immediate superior, the Honorable Stephen Duncan, Assistant Secretary of Defense for Reserve Affairs, we certainly appreciate—and I speak for all Reservists and the components—the support and the cooperation rendered by this committee in the past on behalf of the Reserves.

You have provided resources, and we have tried to execute those programs in a timely manner.

With regard to the fiscal year 1991 budget request of $280 million, that is more than last year's, I recognize that. I also recognize we have a backlog of $8.5 billion, approximately. That is an increase over what we reported to you last year.

Also, Mr. Chairman, I need to bring across several points:

We are in a time in a world of change, significant change. A year ago, I was before this committee, and I had no idea that the world would be like it is today. I don't think any of us did. So, during this period of change, I think there are certain things we can do in regard to investment. I think we should pause. We need to take a look at the impact of the world, what is happening, on the requirements for the military, and how these events will affect the Reserve forces, not just the Reserve forces, but also the Active forces.

This might be a good point to pause and take a look and see what is going to happen. We are not sure how the facility requirements will be. They might go up, down. It depends on force structure changes. There are many unknowns out there. Even though the budget request is small, I fully believe it is adequate for a pause until we find out exactly which way we are going.

Of the $280 million, most of it goes to replace the backlog.

I would like to touch on base closures. Base closure I did minimum damage to the Reserve components from a standpoint of loss of facilities. The Army National Guard will probably have to travel a little more distance from the home station to ranges, but that was probably the major impact.

Also, in the Air National Guard and probably the Air Force Reserve—I am not sure about the Air Force Reserve, but in the Air National Guard in Base Closure I, you will probably see increased O&M costs. A case in point would be closure of Pease Air Base. It will remain as an air base. Current plans are that the Air National Guard will remain there. They will have to assume some additional O&M costs. But in the context of how O&M dollars are saved in the aggregate, that increase is minor.

With respect to Base Closure II, which was submitted to the Secretary on the 29th of January this year, we are currently working with this issue in my office, and we are going to do everything we can as that process proceeds, to ensure that minimum impact on facilities associated with the Reserve components occurs. I foresee no problems. We have some examples already. We are working with the Marine Corps on one particular project.

I would like to ask your support on DoD proposed base closure legislation to expedite base closure procedures that is on the Hill. That is a tedious process, as we all know. I think we need to look at that.

Again, we welcome the opportunity to be here. I realize the fiscal year 1991 request is smaller, Mr. Chairman.

That concludes my informal remarks. I stand ready to address your questions.

[The biography and prepared statement of Mr. Rosamond follow:]

Prepared Statement of
the Deputy Assistant Secretary of Defense
for Reserve Affairs (Materiel and Facilities)

Mr. John B. Rosamond

**Hearing Before the Subcommittee
on Military Construction
House Appropriations Committee**

March 21, 1990

**Not for Publication
Until Released by the
Subcommittee**

JOHN B. ROSAMOND
DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS (MATERIEL AND FACILITIES)

John B. Rosamond is the Deputy Assistant Secretary of Defense for Materiel and Facilities in the Office of the Assistant Secretary of Defense for Reserve Affairs.

A native of Mississippi, he graduated from Mississippi State University in 1958 with a Bachelor of Science Degree in Finance. Following a distinguished military career, he has successfully managed Reserve component materiel and facilities programs for the past several years within the Department. During this period, the materiel and facilities programs of the Reserve components have enjoyed substantial growth and improved execution.

In addition to his undergraduate studies, John Rosamond holds a Master of Business Administration from Syracuse University and is a graduate of the Industrial College of the Armed Forces. He is a member of Omricron Delta Kappa and Delta Sigma Pi honorary fraternal orders. Among his military decorations are the Defense Superior Service Medal, Legion of Merit, Bronze Star for Valor, and the Purple Heart.

He presently resides in Alexandria, Virginia, with his wife, Clare. His daughter, Ann, attends Dartmouth College.

Revised: February 27, 1990

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before this committee again this year. On behalf of the Assistant Secretary of Defense for Reserve Affairs, Mr. Stephen Duncan, and all of the soldiers, sailors, marines, and airmen in our Reserve components, I would like to thank this committee for its support of our construction programs.

Readiness is closely related to adequacy of facilities. It is vital that adequate facilities are provided to match mission and force structure requirements. The Guard and Reserve construction programs have received strong support from Congress--especially in the last two fiscal years. And that support has been transformed into excellent facilities which are helping to increase the readiness of our Guard and Reserve forces.

But, as with most programs, much remains to be done.

The Reserve components rely on a very large number of widely dispersed facilities to accomplish their mission in support of the total military force. Over 5,400 locations in more than 4,800 communities provide for training, maintenance, equipment storage, and administration. Almost 4,000 of these locations are owned by the states or other non-federal entities. Currently, approximately forty percent of the Army Reserve unit facilities are leased--and many of those are inadequate in size and configuration.

Joint use of facilities by more than one Reserve component is economical and should be exploited when possible. Many Naval Reserve Centers incorporate Marine Corps Reserve units. Many Air National Guard and Air Force Reserve units share airfield space. Over 1,000 locations are presently used by two or more components. All new construction is evaluated for potential joint use. Viewed within the context of the Defense Management Review, pursuing the economics and efficiencies of joint use and joint construction is the capstone initiative for Reserve Component Military Construction.

Construction of facilities for the Reserve components is necessary to replace or renovate existing buildings. Facilities are also needed to accommodate new force structure and equipment being distributed to the National Guard and Reserve. Delays in providing adequate facilities affect modernization plans and unit morale. Retention, recruiting, and unit readiness are thereby tied to facility condition and adequacy.

The FY 1991 MILCON budget request is for $280 million. Our request provides $149 million for operations and training facilities, $75 million for supply and maintenance facilities, $18 million for utility improvements and administrative facilities, $13 million for unspecified minor construction, and $25 million for planning and design.

The FY 1989 and FY 1990 Guard and Reserve construction appropriations were helpful toward arresting the growth in our construction backlog now estimated to be in excess of $8.5 billion. Most of that backlog is in the Army National Guard and the Army Reserve. Much of the Army's Reserve components' needed construction is to alleviate shortages never resourced as the force structure was increased--not to rehabilitate existing facilities.

But we are asking for substantially less this year. And admittedly with this request we cannot stay on the glide path to eliminating the facilities backlog. In essence, we are in a period of change. We must consider the following with respect to changed requirements prior to full resourcing:

- How have current world events affected our requirement for Guard and Reserve facilities?
- Will facility requirements increase as new missions and forces are transferred from Active to Reserve components, or will an overall decline in the Reserve components (proportional to a decline in the Active components) reduce the need for facilities?
- In the context of base closures, can current active facilities serve present and future needs of the Reserve components?

The department's FY 1991 request for budget authority is 2.6% below the FY 1990 level, adjusted for inflation. For FY 1992 through FY 1995, the department is projecting a real decline of two percent per year. Hence we find ourselves in a difficult position of trying to balance and stabilize our defense posture and our commitment to international security and human rights in the midst of the upheaval and transformation in the Eastern bloc. The specifics of how all of this will affect our Guard and Reserve forces is, as you know, a matter presently under intense study within the department.

Another aspect of providing adequate facilities is the requirement to maintain and repair existing facilities. Funds required for maintenance and repair come from Operation and Maintenance appropriations, not Military Construction appropriations. For FY 1991, the overall funding of the real property maintenance accounts increased by approximately five percent over FY 1990. That has helped slow the growth of the backlog of maintenance and repair, but will not permit its reduction.

Construction of new facilities theoretically results in savings of maintenance and repair costs associated with older buildings which are seriously deteriorated or functionally obsolete. Conversely, aging buildings cost more to operate and maintain. Additionally, construction backlogs may force the reserve components to lease an even larger number of facilities.

This year there is an increase in leasing costs when compared to FY 1990. Ordinarily, we would favor additional military construction to provide permanent facilities thereby making available those operation and maintenance dollars to be used for maintenance and repair of existing facilities. However, for the short term, as we focus on what the active and reserve component mix, strength, and stationing will be, we believe that the current level of leasing is in the department's best interests.

In addition to leasing there are obligatory expenses that are eroding the effectiveness of the Operation and Maintenance account to accomplish the necessary facility maintenance and repair. Pay raises and statutory and regulatory environmental compliance (less the Defense Environmental Restoration Account) divert funds. And as necessary maintenance is deferred, it costs more and more to eventually fix the problems. The net effect is that the capability to fund the actual necessary repairs is seriously declining.

We estimate our construction backlog to be $8.5 billion. Our plan to eliminate that backlog is based on reducing it four percent a year. Additionally, over that 25 year period we also need to invest in the renewal of the existing plant. Our renewal goal is to modernize or replace two percent of the existing inventory per year. The annual cost of reducing the backlog is $340 million, and the annual cost of renewal is $580 million. Our request for $280 falls well short of that, but it reflects both the decline in the Defense budget and the current uncertainty in total force structure, force mix, and stationing. Funding above the request at this time may result in wasted resources. Critical facility needs are being met in this submission. Only $24 million of this submission is for projects which do not in some way reduce the construction backlog.

Base closure proposals will have an effect on the Reserve components. I would first like to discuss the effects of the December 1988, Report of the Secretary of Defense's Base Closure and Realignment Commission pursuant to PL 100-526.

None of the planned closures involve major Army maneuver areas. Most do not involve crew served weapon live fire ranges. Most closures are in urban areas where training constraints are already significant.

The Army National Guard will suffer most from the closure of nearby range facilities. Some loss of training time resulting from additional travel will occur.

The Navy Reserve anticipates no effect on training and readiness. The Marine Corps Reserve anticipates its training will suffer some adverse effects, but its overall readiness will not be diminished.

The Air Force reserve components are concerned about the upcoming closure of certain air force bases. Appropriate comments regarding these concerns are best addressed by the Air Force Reserve components.

The recently proposed base closures and realignments announced on January 29, 1990, by Mr. Cheney support opportunities for efficiency in operations. The announcement also responds to the changes in Eastern Europe and to the worldwide potential for low intensity conflict. The department has also begun to match installations and facilities with a total force structure and force mix designed to provide the level of security necessary to meet those challenges. There are Reserve component facilities on several of the installations selected for closure. Arrangements are currently being considered which will allow those Reserve functions to continue. However, during the resolution of the disposition of the installations, any RC MILCON and associated funding that may not be required will remain embargoed. Additionally, the announced force structure decreases affecting the Guard and Reserve will make some armories and centers available for possible use by others. The Army and the National Guard Bureau will be in close contact with the states as the governors and their Adjutants General address unit moves and final locations.

Where there is an opportunity to transfer selected facilities to the Reserve Components at bases designated for closure and realignment, some of the storage, maintenance, and training shortages that now make up the backlog can be alleviated.

All reserve components are responding to the Commission's recommendation that the Secretary of Defense accelerate current efforts to consolidate reserve facilities. The most immediately productive way to make headway is through the Joint Service Reserve Component Facility Boards which convene annually in each state. During their annual review, all proposed reserve construction in their state each is evaluated for its joint construction potential. To realize the future savings, it may be necessary to accelerate or postpone a particular component's project to meet another's schedule.

In closing, with the Defense budget for FY 1991, in terms of real dollars, lower than the FY 1990 budget, I hope you can appreciate the difficult task the department has had in reducing its budget and at the same time providing the best national security posture possible under reduced resource levels. The reserves have and will continue to play a paramount role in our national defense, but it is not yet clear how and where reserve units may be located with respect the proposed active force reductions. I do not believe we should request funds to construct facilities that within the next few years may be declared excess. I recognize that we have a very large backlog of construction and many existing facilities are inadequate. But given the existing conditions, I believe that the $280 million construction request in FY 1991 strikes a reasonable balance between austerity and critical facility needs.

Mr. Chairman, this concludes my statement. I will be happy to answer your questions.

Mr. **Hefner**. General Navas.

STATEMENT OF GENERAL NAVAS

General **Navas**. I welcome the opportunity to appear. I will make brief opening remarks and request my prepared statement be made a matter of record. As you are all aware, budget realities dictate realignment of priorities, and the need to maximize available resources to produce combat ready units capable of deterring war and should deterrence fail, to fight and win.

Combat readiness depends primarily on four major factors—personnel, equipment, training, and facilities. As the Department of Defense reshapes its internal operating budget to conform with lower funding levels, we have had to adjust our accounts to provide the balanced program to meet our readiness objectives. Since our program and budget is primarily personnel, in order to obtain immediate savings, some construction projects had to be deferred.

The proposed Army National Guard military construction budget for FY 91 is $66.4 million and directed toward our most critical needs. It is divided into three categories:

Construction at $58.51 million; planning and design at $4.1 million; and unspecified minor construction at $3.7 million.

The program request supports activities in 25 States and one Territory.

In sum, this program addresses three of the four vital areas within the Army National Guard construction management program: Force structure, equipment readiness, and training. It does not address revitalization and modernization of facilities. Our construction backlog is estimated now at $2.8 billion.

Mr. Chairman, this concludes my opening comments. I again appreciate the opportunity you and your committee have afforded me to speak on behalf of the more than 450,000 Guardsmen and women worldwide and to express our appreciation for the outstanding support and assistance provided by the committee and the staff in meeting our most critical facilities challenges.

If there are any questions, I will be pleased to furnish the information you require. With me here today is Mr. Jim Stillman, from our Installations Division, to assist me in providing any specific details.

Thank you again, sir.

[The prepared statement of General Navas follows:]

RECORD VERSION

STATEMENT BY
BRIGADIER GENERAL WILLIAM A. NAVAS, Jr
DEPUTY DIRECTOR, ARMY NATIONAL GUARD
DEPARTMENT OF THE ARMY
BEFORE THE
SUBCOMMITTEE ON
MILITARY CONSTRUCTION
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
SECOND SESSION, 101ST CONGRESS
MARCH 21, 1990

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS
COMMITTEE

Mr. Chairman, members of this Committee, I welcome the opportunity to again appear before this Subcommittee and present the Army National Guard Military Construction Program for Fiscal Year (FY) 1991. I will also touch briefly on our success in executing the 1989 program and the execution of our current year program.

We the Army National Guard (ARNG), have taken on new responsibilities. Manned with high quality soldiers, trained and equipped to a higher level of readiness, and modernized to a greater extent than ever before, the Army National Guard is the best it has ever been in its 353 year history. The Army's "Total Force" concept and the resources provided by Congress, including the support this Committee has given to our facilities needs, have made this high level of readiness possible.

The ARNG has proven to be cost effective in performing both its State mission of providing military support to civil authorities and its Federal mission of deterring war.

The ARNG improved dramatically during the decade of the 1980's:

---End strength and force structure increased by approximately 100,000 to a projected End Strength of 457,300 for Fiscal Year 1990.

---The number of ARNG units with early deploying missions increased 151%.

---The number of new and existing units reporting an overall readiness status to perform their wartime mission increased 36%.

---High priority units are being equipped with the most modern equipment available to the Total Force.

---Training opportunities have greatly expanded with the use of local, regional, national and joint training simulators enhancing our ability to make maximum use of limited resources.

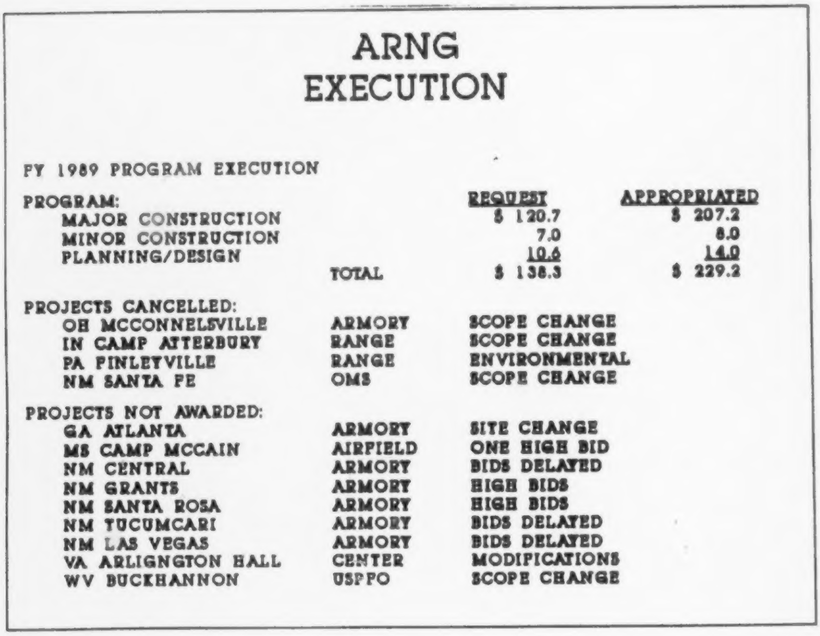
---Training opportunities for qualification of individual soldiers, leaders and units have been extended to include field environments around the world.

With the easing of world tensions, the Army National Guard force structure will probably undergo a period of adjustments to become responsive to assigned Federal missions and to become more cost competitive as a strategic deterrent to armed conflict.

In the past 10 years, the Army National Guard has undergone significant force structure changes. We have been assigned major wartime missions required by our national contingency plans. Modernization of supporting facilities has becomes a vital part in developing the readiness levels of our units. Our goals are to provide adequate and functional facilities and infrastructure to support assigned missions. We plan to meet these goals by maintaining the existing inventory and by investing in a logical and prudent revitalization construction program. Through such revitalization efforts, we are also making a statement to the States and local communities as well as to all members of the Army National Guard that the U.S. Army recognizes a commitment to the "Citizen Soldier" by investing in modern facilities where they work and train. In return, such investments have high paybacks in improved morale, productivity, recruiting and retention, as well as improved warfighting readiness.

Current funding levels available to the Army, including the Army National Guard, have fallen short for fully executing both areas. The backlog of construction needs continue to grow in spite of this Committee's and other Congressional assistance to acquire additional facilities beyond those requested in the annual Military Construction program. Annual funding support of operations and facilities upkeep has declined to the point that existing facilities are fast becoming unserviceable and may require premature replacement.

MILITARY CONSTRUCTION PROGRAM EXECUTION FOR FY 1989



ARNG EXECUTION

FY 1989 PROGRAM EXECUTION

PROGRAM:		REQUEST	APPROPRIATED
MAJOR CONSTRUCTION		$ 120.7	$ 207.2
MINOR CONSTRUCTION		7.0	8.0
PLANNING/DESIGN		10.6	14.0
	TOTAL	$ 138.3	$ 229.2

PROJECTS CANCELLED:		
OH MCCONNELSVILLE	ARMORY	SCOPE CHANGE
IN CAMP ATTERBURY	RANGE	SCOPE CHANGE
PA FINLEYVILLE	RANGE	ENVIRONMENTAL
NM SANTA FE	OMS	SCOPE CHANGE
PROJECTS NOT AWARDED:		
GA ATLANTA	ARMORY	SITE CHANGE
MS CAMP MCCAIN	AIRFIELD	ONE HIGH BID
NM CENTRAL	ARMORY	BIDS DELAYED
NM GRANTS	ARMORY	HIGH BIDS
NM SANTA ROSA	ARMORY	HIGH BIDS
NM TUCUMCARI	ARMORY	BIDS DELAYED
NM LAS VEGAS	ARMORY	BIDS DELAYED
VA ARLIGNGTON HALL	CENTER	MODIFICATIONS
WV BUCKHANNON	USPFO	SCOPE CHANGE

The ARNG Fiscal Year 1989 Military Construction program authorized and funded 116 projects. The appropriations totalled $229.2 million with $207.2 million committed to construction. Four (4) of the authorized project were cancelled; three (3) because of scope changes and one (1) because of an unforeseen environmental problem. Nine (9) projects were not awarded during the program year. Eight (8) will be awarded during FY 1990. One (1) project has had a major change in scope. This project, the USPFO office building at Buckhannon, West Virginia, is being deferred again by DoD action to transfer FY 90 funds added to the MCNG program to other requirements. We achieved a 92% execution rate for Fiscal Year 1989.

MILITARY CONSTRUCTION PROGRAM PLAN FOR FY 1990

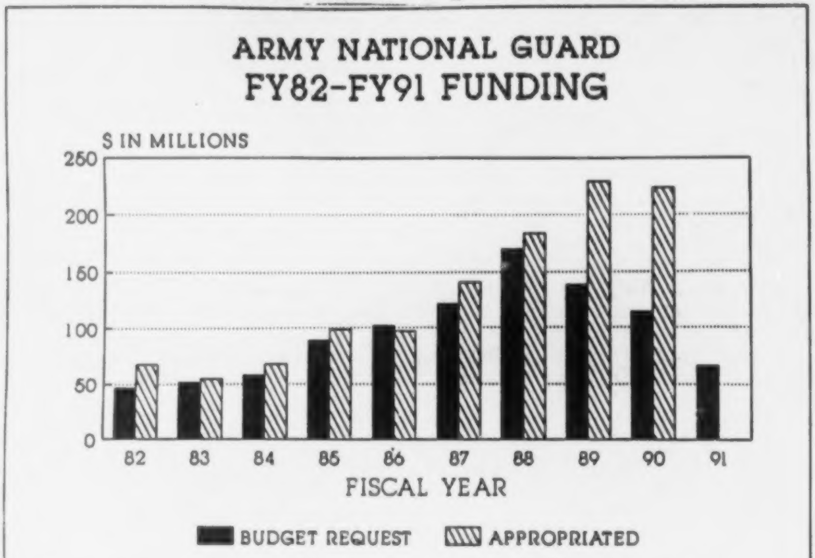
The fiscal year 1990 Military Construction, Army National Guard (MCNG) budget request of $114 million concentrated on modernized or new training ranges and regional centers, logistical and maintenance facilities for new weapons systems and armories for more intensive home station training to support the expanded missions.

With the Congressional added projects, the enacted MCNG Appropriations for Fiscal Year 1990 totalled $223.49 million. This program provides $211.9 million for construction and $11.6 million for planning and design to accelerate the design of future year projects. As you are aware, there is about $36.1 million difference between the amounts authorized and appropriated.

The FY 90 MCNG program as enacted has projects in 40 states and they are divided into the following project types:

	QUANTITY	AMOUNT ($000)
ARMORIES		
NEW, REPLACEMENT, EXPANSIONS	59	86.0
EQUIPMENT MAINTENANCE SHOPS	24	33.4
TRAINING SITE SUPPORT FACILITIES	20	31.7
TRAINING SITE RANGES	13	13.8
AVIATION FACILITIES	10	11.1
SUPPLY AND SUPPORT FACILITIES	7	7.2
LAND ACQUISITION & MISCELLANEOUS	5	28.7
TOTAL	---	------
	138	211.9

MILITARY CONSTRUCTION PROGRAM REQUEST FOR FISCAL YEAR 1991



MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The programed Fiscal Year 1991 request of $66.4 million includes $58.514 million for construction, $3.786 million for unspecified minor construction, and $4.1 million for planning and design of future projects. The submitted President's Budget, however, provides and adjustment to our requested program of $278,000. We ask that this adjustment be added to our unspecified minor construction which would become $4,064,000. The total request is listed at $66,678,000. This is the lowest requested program since FY 84, but because of other higher priorities for personnel and equipment all military construction programs are significantly reduced. The requested major construction program supports requirements from 25 States and territories and will provide the facilities identified for ARNG units.

	QUANTITY	AMOUNT ($000)
ARMORIES		
NEW, REPLACEMENT, EXPANSIONS	17	25.619
EQUIPMENT MAINTENANCE SHOPS	12	13.966
TRAINING SITE SUPPORT FACILITIES	3	2.161
TRAINING SITE RANGES	7	6.854
AVIATION FACILITIES	1	2.515
SUPPLY AND SUPPORT FACILITIES	2	3.599
ARMORY STORAGE BUILDINGS (VARIOUS LOCATION)		1.6
INDOOR RANGE MODERNIZATION (VARIOUS LOCATION)		2.2
TOTAL	42	58.514

FORCE STRUCTURE

ARNG force structure initiatives continues to focus on conversion of separate maneuver brigades and corps level combat support and combat service support forces to the Army of Excellence design.

An example of our force structure initiatives is the conversion of two Armored Calvary Regiments to separate Armor Brigades equipped with M-1 tanks. In addition, a light infantry battalion was activated in Alaska as a roundout battalion to the 6th Infantry Division. Facilities to support thess initiatives will be in the out years.

The Fiscal Year 1991 program has 17 armory projects, and one Tri-Service construction project at Bangor, Maine. This Armed Forces Reserve Center project will be the training center for units of the 262th Engineer Battalion, Maine Army National Guard and for units of the Army Reserve and Navy Reserve.

BASE CLOSURE 1990

Two projects contained in our FY 90 program are involved in a base closure action. They are the armory and Army Aviation Support Facility (AASF) C-12 hangar programmed for construction at Mather Air Force Base at Sacramento, California. The Sacramento Area Commission on Mather Conversion (SACOMC) is currently studying the future of the facilities located on the Air Base. The State of California is hopeful that the SACOMC will recommend that the CA ARNG retain their existing 25 acre site plus permit the acquisition of an additional 24 acres. The result of the SACOMC report is scheduled to be published in September 1990; thus, delaying the award of the construction contracts for the armory and C-12 hangar during FY 90.

The January 1990 Base Realignment and Closure Proposals, Army Force Realignment as presented to Members of Congress, proposes to reduce the end strength of the Army National Guard and could result in a realignment or redistribution of units within and among the states. The impacted states are currently studying these changes and facilities needs. It is anticipated that some of the older inefficient armories will no longer be required to support adjusted Force Structure.

The FY 90 construction program has only one project that could be affected by the proposed force realignment. That is a mini tank range in New Jersey requested to train armor units now scheduled for deactivation. The project may still be required if new units assigned to this region that have the same training requirements. The FY 91 program was developed such that no projects are requested to support any known units involved in this realignment.

TRAINING

PERMANENT TRAINING SITE FACILITIES

To sustain combat readiness within the Army National Guard, quality year round training capabilities are required by providing permanent modern support facilities on our major training sites. The permanent cantonment facilities, such as troop barracks, dining and support buildings, must be provided to supplement or replace inadequate World War II wooden buildings, metal hutments, tent platforms and unheated facilities which are currently available. The fiscal year 1991 training site facilities construction request includes three projects: one troop support project at Camp Guernsey, Wyoming, one troop medical training project at Camp Rilea, Oregon and one troop support project at Camp Carroll, Alaska that will significantly improve year around training and overnight stay capabilities at these major training sites.

REGIONAL TRAINING CENTERS:

In partnership with the Active Component and the Army Reserve, the Army National Guard is establishing regional training sites to provide specialized training not available at home stations. The ARNG has proponency for thirteen (13) of these regional centers where maintenance personnel can train on equipment they will maintain during wartime. Nine of these facilities have been approved with two now completed and turned over to full time training duties. The tenth center, at Jefferson City, Missouri is scheduled for construction this year. The eleventh, at Nickell Barracks, Kansas, is in our Fiscal Year 1991 request.

RANGE MODERNIZATION:

Our range modernization initiative, incorporating range concepts, target systems and training doctrine developed by the Army, is continuing. The ARNG range program has been developed to modernize our training sites as a means to standardize the type and quality of training. The systems being employed at our major training sites are more complex and more costly to construct than the older fixed position ranges common to our older training sites. These types of new ranges with the automated targets and scoring systems will permit us to train more troops in less time with higher quality in weapons marksmanship. Six projects of this type are scheduled for FY 91 and they are located in five locations.

For FY 91, the program has one project scheduled for Guilderland, New York. This range is called Military Operations on Urbanized Terrain (MOUT) Assault Course or "MAC" and is being developed to train small units in simulated or live-fire combat conditions in built up or urban environments. This facility is required for training elements of the 27th Brigade with the mission to roundout the 10th Light Infantry Division and other NY ARNG units.

Our range modernization program is on-track and will improve our combat training capabilities for sustaining unit readiness during the coming decade.

EQUIPMENT READINESS

Despite the reduction in procurement programs in recent years, fielding of equipment under the force modernization program and delivery of Dedicated Procurement Program equipment, the Army National Guard continues to receive large quantities of new and displaced equipment at record setting rates. Primarily, these items of equipment are the same as in the Active Army; such as, the M1 Abrams tank, the modernized M60A3 tank, Bradley Fighting Vehicle (BFV)s, Firefinder Radars for artillery units, Improved TOW Vehicles (ITV), M198 howitzers, Chaparral air defense weapons and the Heavy Expanded Mobility Tactical Trucks (HEMTT) and the High Mobility Multi-Purpose Wheeled Vehicles (HMMWV) replacing older models of tactical wheeled vehicles.

Requirements to maintain and manage this equipment in a go-to-war state of readiness places greater demands on our surface maintenance support. We are facing this challenge by systematically upgrading and modernizing our maintenance facilities. We have identified over 530 maintenance facilities in our existing inventory requiring modernization or replacement at an estimated cost of $450 million.

Our Fiscal Year 1991 request provides projects to upgrade or replace twelve (12) of the most critically obsolete or inadequate maintenance facilities. These facilities include Organizational Maintenance Shops (OMS) at the unit level and Combined Support Maintenance Shops (CSMS) providing state-wide direct and general support maintenance on all equipment.

AVIATION SUPPORT FACILITIES

We are requesting one project for Fiscal Year at Sandston, Virginia, Army Aviation Support Facility (AASF). The project repairs and expands the aircraft parking ramp. Fiscal Year 1991 program does not include requests for constructing or replacing any aviation maintenance or hangar facilities. The reason is that the Army's Aviation Modernization Plan (AAMP) recommends realignments in aircraft types and unit structure for both the active and Reserve Components of the Army. This plan could make significant changes in the ARNG aviation structure and types of assigned aircraft. Even though we have severe overcrowding at some of our aviation support facilities, we must defer development of all modernization projects until the Army's Aviation Modernization Plan is finalized. We anticipate these decisions will be made this year and our aviation modernization program can proceed in Fiscal Year 1992.

CONCLUSION

Mr. Chairman, my purpose has been to explain to this Committee that the Army National Guard has become an important part of the Total Army during the 1980's and are willing to accept the challenge of the 1990's. Maintaining this position and these capabilities have been made possible through the total resources made available to us by the Army and the Congress. Facilities developed during this decade have played major roles in achieving force structure, realistic and quality training opportunities, readiness and improving the Quality-of-Life of our "Citizen-Soldier". Because of new missions being assigned to the Guard, as well as the process of realignment of our force structure, and in this time of constrain resources, our backlog of military construction projects (unfinanced) will continue to grow. With our modest construction program, the rate of replacement of obsolete facilities will continue to grow, modernization or revitalization is the last priority and is not addressed in the FY 91 program. There are few totally "new" facilities. We are addressing the problem of backlog reduction, but priority must be given to unit mission and readiness. Our modest construction request for Fiscal Years 1991 has been designed to address our highest priority requirements that will continue to improve the Army National Guard in the 1990's.

This concludes my prepared statement. I appreciate the opportunity you and your committees have afforded me to speak on behalf of more than 457,000 Guardsmen and women worldwide. I would be pleased to answer any questions you may have. Thank you.

Mr. HEFNER. General Bultman

STATEMENT OF GENERAL BULTMAN

General BULTMAN. I am grateful for the opportunity to present the Army Reserve's military construction program for fiscal year 1991 and to request the appropriation for its execution. On behalf of the over 322,000 Selected Reserve soldiers and a nearly equal number of Individual Ready Reservists, and Mobilization Augmentees of the Army Reserve, I want to once again express our appreciation for the continuing support this committee has provided for our construction program.

I request my prepared statement be entered into the record.

As we enter into the 1990s, both the Army Reserve and the Total Army of which it is a part, are confronted with unprecedented changes in the world and strategic defense requirements. These changes have produced a climate that requires a fresh analysis of the size, structure, mix, mission and stationing of defense forces worldwide.

While these events are occurring, every attempt is being made to capitalize on those benefits that may be derived from a declining force. Careful consideration is being given to possible increased Army Reserve use of Active component facilities designated for realignment and closure. Some savings may be realized that could reduce somewhat the $2.3 billion construction backlog. It may also be possible to reduce the number of leased facilities acquired when full funding for construction of new facilities was unavailable. In any event, we are looking closely at all of the requirements and carefully reassessing them in light of all of the changing forces.

The history of execution for the Army Reserve military construction program is among the best in the Department of Defense. We have plans today which will allow us to execute the full fiscal year 1990 program.

The fiscal year 1991 appropriation request will support execution of 14 major construction projects. They include five new Army Reserve centers, one of which is a joint armed forces reserve center; seven major alterations to Army Reserve Centers; two regional training sites critical to the Army Reserve—one medical and one maintenance.

We selected and ranked the projects based on need, the mission of units supported, troop activation schedules, and the general contribution of each project to the readiness of the Army Reserve. All projects are at, or above, 65 percent design, and we envision no difficulty in awarding all projects during fiscal year 1991.

The total cost of the projects contained in the Army Reserve construction request is $59.3 million.

Mr. Chairman, this concludes my statement. We, the Army Reserve soldiers, who are twice the citizen, greatly appreciate the committee's continuing interest in the support of the construction requirements for the Army Reserve. I am now prepared to answer any questions you may have.

Mr. HEFNER. Thank you, General.

[The prepared statement of General Bultman follows:]

RECORD VERSION

STATEMENT BY

BG ROGER C. BULTMAN

DEPUTY CHIEF, ARMY RESERVE

OFFICE, CHIEF, ARMY RESERVE

DEPARTMENT OF THE ARMY

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

SECOND SESSION, 101ST CONGRESS

MARCH 21, 1990

MILITARY CONSTRUCTION, ARMY RESERVE

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
APPROPRIATION COMMITTEE

Mr. Chairman and Members of the Committee:

I am grateful for this opportunity to present the Army Reserve's military construction program for fiscal year 1991 and to request the appropriation for its execution. On behalf of over 322,000 Selected Reserve soldiers and a nearly equal number of Individual Ready Reservists and Mobilization Augmentees of the Army Reserve, I want to once again express our appreciation for the continuing support this committee has provided for our construction program.

As we enter the 1990's, both the Army Reserve and the Total Army of which it is a part are confronted with unprecedented changes in the world and strategic defense requirements. These changes have produced a climate that requires a fresh analysis of the size, structure, mix, mission, and stationing of defense forces worldwide. Although the analysis is not complete, it is certain that we will see a smaller Army that may well be more confined to American territory. This will undoubtedly necessitate corresponding changes in the Army Reserve and the role it plays in the Total Force, particulaly in providing support units and rounding out the active force. This should make maintaining high standards of readiness ever more challenging. Given the reductions in Army Reserve personnel that have occured as a result of fiscal constraints, and considering the further reduction that potentially could be imposed by future Gramm Rudman Hollings cuts, it is all the more essential that we keep our reserve force highly trained and effective. In today's environment it is imperative that the Army Reserve be properly equipped and adequately housed as well as be provided with adequate training facilities to ensure that it is fully prepared to meet all foreseeable contingencies.

Every attempt is being made to capitalize on those benefits that may be derived from a declining force. Careful consideration is being given to possible increased Army Reserve use of active component facilities designated for realignment and closure. Some savings may be realized from earlier projected construction requirements that could reduce somewhat the $2.3 billion construction backlog. It may also be possible to reduce the number of leased facilities acquired when full funding for construction of required Government-owned facilities was unavailable. In any event, we are looking closely at all of our requirements and carefully reassessing them in light of a rapidly changing world.

Nevertheless, it is unlikely that our construction program can be significantly curtailed in the near term. This is true for several reasons:

First, facilities are needed to accommodate the growth of the Army's Selected Reserve from 185,000 to 322,000 that has already occurred over the last 10 years. These additional 137,000 soldiers train by and large in centers that existed prior to their recruitment, a situation that creates intolerable conditions of overcrowding and inefficient operation. At last assessment, the Army Reserve had acquired but 53 percent of its facility requirement. Because the utilization rate of USAR facilities stands at 200 percent, any decreases in strength may improve this figure only slightly.

Second, facilities will be needed to store and maintain all equipment redistributed to reserve forces as a result of troop and equipment draw downs overseas. The Army Reserve is well positioned to measurably benefit from such a redistribution. Access to modern equipment of the kind to be employed in event of an emergency will improve both the training environment and the state of readiness of many of our Army Reserve troop program units. However, this can be accomplished only if we ensure that these units have the necessary capacity to adequately store, maintain, and utilize the additional equipment to full advantage.

Third, facilities are and will continue to be needed in those areas of the nation experiencing population growth rather than decline. While some active component facilities might be converted for reserve component use, these facilities tend to be located where land is plentiful. Reserve facilities need to be located where people are plentiful.

Additionally, construction funds are needed to renovate or replace buildings which have come to the end of their useful life or are functionally obsolete. Due to a shortage of military construction dollars, in order to meet mission requirements, we find ourselves in the position of having to use Operation and Maintenance funds in the Real Property Maintenance account to keep these old buildings functioning. Having to spend these funds on those old buildings and on leases has the direct effect of causing our backlog of maintenance and repair to rise beyond a manageable level.

We realize that we cannot rehabilitate or build new facilities everywhere at one time and that some inefficiencies and crowding will continue, but we must continue our efforts to improve the physical plant to the best of our ability because of the critical role facilities play in the retention and training of Reserve soldiers who serve to enhance the wartime readiness of the Army.

We have crafted the construction program that we present today for your consideration in the context of severely constrained resources. It will not, therefore, meet all of our needs, but it will enable us to address a few of the very highest priority projects designed to expand and modernize the US Army Reserve physical plant.

CURRENT YEAR PROGRAM: The execution record of the Military Construction, Army Reserve (MCAR) program is among the best in the Department of Defense. We have made plans which we anticipate will allow us to execute the Fiscal Year 1990 program this same fiscal year once the current moritorium is lifted.

FY 91 REQUEST:

The fiscal year 1991 appropriation request will support execution of 15 major construction projects including 4 new Army Reserve centers, 7 major alterations or expansions, 2 regional training sites (1 medical and 1 maintenance), and 2 armed forces reserve centers.

We selected and ranked the projects based on need, the mission of units supported, troop activation schedules, and the general contribution of each project to the readiness of the Army Reserve. All projects are at or above 65 percent design, and we envision no difficulty in awarding all during fiscal year 1991.

The appropriation required for these major construction projects is $52.3 million. Minor construction projects and planning and design funds are specified respectively at $2.25 million $4.8 million. The grand total cost of the projects ontained in this appropriation request is $59.3 million.

CONCLUSION: Mr. Chairman, this concludes my statement. We greatly appreciate the committee's continuing interest in and support of the construction requirements of the Army Reserve. I am now prepared to answer any questions you may have.

Mr. **Hefner**. Now we will move to the Air Guard and Air Force Reserves. I assume you gentlemen will stay with us. We have our next panel.

Before you gentlemen make your statement, my colleague Tom Bevill has to chair the Energy and Water Subcommittee. He has a meeting at ten o'clock. He has a couple of questions.

If Mr. Coleman would yield to Mr. Bevill, we will recognize Mr. Bevill.

Mr. **Bevill**. Thank you, Mr. Chairman.

General Closner, It is my understanding that the Air Force Reserve at Dobbins Air Force Base in Georgia is seeking to fly C–130 training planes at a very low altitude over Little River Canyon in Northeast Alabama. I am concerned that flying those planes at 300 feet could be damaging to the environment of this area. I am especially concerned because the National Park Service, at my request, is currently studying this area for possible designation as a national park or a national recreation area.

Please tell me, if you will, the purpose and the timing of these proposed missions. Who are you coordinating this with? Have you considered the effect these flights could have on the environment?

I would also like to see a copy of the flight plan which you may provide for the record.

I am not sure you are even aware of this. But, I would appreciate you looking into it and giving me this information, because my constituents in Cherokee and De Kalb Counties are concerned. And when my constituents are concerned, I am concerned. This is a sensitive area, in particular at this time with a study going on. This is a unique canyon and we want to preserve it.

It has one of the last clean rivers in America running down the middle of it. It is a very deep canyon formed entirely on top of a mountain. It may be the most unique canyon of its type east of the Mississippi River. I would appreciate it if you would look into it.

General **Closner**. We will be glad to look into this.

[The information follows:]

Little River Canyon, Alabama

The purpose of the 94 Tactical Airlift Wing (TAW) training missions is to prepare Air Force tactical airlift aircrews to fly below the altitude of potential enemy radar detection without using any easily detected airborne electronic equipment. The missions are conducted during VFR conditions (otherwise referred to as "good flying weather").

In keeping with budgetary limitations for Department of Defense activities, this route is part of a cost-reduction-and training efficiency effort initiated by the 94 TAW at Dobbins AFB, Georgia. Presently, the 94 TAW is required to use about one hour of each mission flying to and from training sites. By providing training opportunities closer to Dobbins AFB, the 94 TAW will be able to train more effectively, realizing higher yields from every training dollar.

As the attached map indicates, the aircraft only cross Little River Canyon. The aircraft do not fly along or through the canyon.

The aircraft will cross the canyon during daylight hours at an altitude of 300 feet above the highest surrounding terrain and after dark at an altitude of 1,800 feet above the highest surrounding terrain. The frequency of flight over the Little River Canyon will average 1.5 times per day, with a highest frequency of five flights per day to compensate for those very rare periods of extended inclement weather with visibility too limited for the route to be flown. The aircraft will cross Little River Canyon between 8:00 AM and 9:00 PM. The aircraft will fly at approximately 265 mph, which means that a C–130H aircraft will pass over the two mile width of Little River Canyon in about 27.2 seconds. There will be no Sunday morning flights over the canyon. Flights will be generally on weekday evenings and at midday on weekends.

The C-130H is a very quiet aircraft. Although its engine noise is audible, it will have virtually imperceptible environmental effects while airborne over the Little River Canyon. No adverse environmental consequences are foreseen for surface or ground water, biota, resident population or aesthetics.

The environmental assessment is being coordinated in accordance with Executive Order 12372. The Air Force Regional Civil Engineer for the Eastern Region is responsible for coordination among other agencies of the government. Thus far, coordination is with:

U.S. Fish and Wildlife Service, Endangered Species Office.
Alabama Department of Economics and Community Affairs (the state clearinghouse).
The Tennessee State Planning Commission (the state clearinghouse).
The Georgia State Clearinghouse.
Southern Division Naval Facilities Engineering Command.
South Atlantic Division, U.S. Army Corps of Engineers.
U.S. Environmental Protection Agency, Region 4.
U.S. Department of Housing and Urban Development, Region 4.
Veterans' Administration Regional Office.
Farmers' Home Administration.
U.S. Forestry Service, Southern Region.
Federal Aviation Administration, Southern Region.
National Park Service, Southern Regional Office.
U.S. Department of the Interior, Bureau of Indian Affairs.

Mr. HEFNER. Don't fly over North Carolina, because you will scare my turkeys.

Mr. BEVILL. You can't hurt those wild turkeys.

Mr. HEFNER. That is not near Buck's Pocket, is it?

Mr. BEVILL. Yes, it is.

Mr. HEFNER. In case you don't know where Buck's Pocket is, I am originally from Alabama, and I know where Cherokee County is. Buck's Pocket is a place where in Alabama, when you run for public office and you lose, you retire to Buck's Pocket. We certainly don't want to destroy that environment.

Thank you, Mr. Chairman.

Mr. BEVILL. Thank you.

Mr. HEFNER. You gentlemen can proceed any way you see fit. Your entire statement will be part of the record.

STATEMENT OF GENERAL SHEPPERD

General SHEPPERD. I am honored to appear before the committee for the first time to testify in regard to the Air National Guard military construction program.

In 1990, the Air National Guard celebrates 43 years of service to the Nation, state and community. It has been a banner year in many ways. When United Airlines flight 232 crashed in July, we were there. When Hurricane Hugo hit Puerto Rico and devastated St. Croix, we were there. We were there during the San Francisco earthquake.

While these are dramatic events and highlight the activities of our people, it is easy to forget they are part of the day to day missions of our country. Ninety-two percent of the continental air defense of our country is being provided by Air National Guard men and women. As we sit here, 895 Air National Guard members are in 11 different foreign countries supporting exercises or real world missions.

We appreciate the role this committee played in providing an important pillar of our readiness, which is military construction. By the 30th of September of this year, we expect to execute 100 percent of our approximately $200 million that the Office of the Secretary of Defense apportioned to us. This follows an execution rate of 95 percent in fiscal year 89, a record of which we are justifiably proud.

I think it is important to point out that our $66.5 million request for fiscal year 1991 is the lowest in more than 11 years. It is $172 million lower than Congress appropriated in fiscal year 90. It is not what we want, it is not what we need. It reflects a reality of tough decisions and tough times.

The average age of our facilities is 29.4 years. Our military construction backlog is $1.5 billion. Additionally, we seek to be good neighbors by pursuing aggressive environmental programs. We seek to replace over 3,000 underground fuel storage tanks and require a level of $50 to $60 million a year to comply with federal law. We ask your support for our fiscal year 1991 request.

Seventy-eight percent for new missions, 42 percent for current missions reflects our focus on modernization and readiness.

I thank you for this opportunity to appear. I will be glad to take your questions.

[The biography and prepared statement of General Shepperd follow:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO
SUBCOMMITTEE ON MILITARY CONSTRUCTION
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

SUBJECT: FY 1991 MILITARY CONSTRUCTION, AIR NATIONAL GUARD

STATEMENT OF: BRIGADIER GENERAL, DONALD W. SHEPPERD
ASSISTANT DIRECTOR, PLANS, POLICY
AND PROGRAMS, AIR NATIONAL GUARD

MARCH 1990

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS,
HOUSE OF REPRESENTATIVES

BRIGADIER GENERAL DONALD W. SHEPPERD
ASSISTANT DIRECTOR, AIR NATIONAL GUARD

General Shepperd is a 1962 graduate of the United States Air Force Academy where he received the Comandant's Award as the outstanding graduate in leadership and the Brig Gen Benjamin Castle Award in public policy studies. He received a masters degree from Troy State University (Alabama) in 1986. His professional military education includes Air War College, National Security Management, Air Command and Staff, and Squadron Officer School.

After graduation from the Air Force Acadamy General Shepperd entered pilot training at Williams AFB, AZ and received his wings in 1963 then, following Basic Survival School at Stead AFB, NV attended F-100 Combat Crew Training at Luke AFB, AZ. In 1964 he was assigned to the 81st Tactical Fighter Squadron, Hahn AB, Germany (FRG), where he was a squadron pilot from 1964 to 1966. In 1967 he became an Air Liason Officer with the 24th Infantry Division, Ausburg, FRG. General Shepperd was then assigned to the 90th Tactical Fighter Squadron, Bien Hoa AB, Republic of Vietnam (RVN) as a flight commander and instructor pilot. He was assigned to operation "Commando Sabre" in December 1967 as an F-100 "Misty" Forward Air Controller at Phu Cat AB, RVN flying missions over North Vietnam. In 1968 he was assigned to the 4532nd Combat Crew Training Squadron, England AFB, LA as an A-37 Instructor Pilot for Vietnamese students. He left active duty in 1969 and joined Trans World Airlines in New York City.

General Shepperd joined the Pennsylvania Air National Guard in 1970 as a forward air controller assigned to the 111th Tactical Air Support Group, Willow Grove NAS. In 1974 he joined the 162nd Tactical Fighter Group, Tucson, AZ, as an Air National Guard Technician and F-100 instructor pilot. He remained with the 162nd until 1985, serving as commander of the 152nd Tactical Fighter Squadron, deputy commander for operations and then vice commander for the group. During this period the group upgraded to A-7 aircraft and added the F-16 "Fighting Falcon". In 1985 General Shepperd was selected as the first Air National Guard Research Fellow and assigned to the Center for Aerospace Doctrine, Research and Education (CADRE), Maxwell AFB, AL.

In 1985 General Shepperd was selected to become the air commander and deputy wing commander, 102nd Fighter Interceptor Wing, Otis ANG Base, MA, and completed upgrade training for the F-15 "Eagle" at Luke AFB, AZ in February 1988. He was promoted to Brigader General on August 1, 1989 and assigned as Assistant Director for Policy, Plans and Programs, Air National Guard.

General Shepperd is a command pilot with more than 4,700 flying hours, and has flown the T-33, T-37, T-38, A-7, O-2, F-100, F-106 and F-15 aircraft. He flew 247 fighter combat missions in Southeast Asia. His awards and decorations include the Silver Star, Legion of Merit, Distinguished Flying Cross with two oak leaf clusters, Air Medal with 16 clusters, Meritorious Service Medal, Air Force and Army Commendation Medals, Combat Readiness Medal, and Republic of Vietnam Cross of Gallantry.

General Shepperd and his wife, the former Rose Driskill, live in Alexandria, VA. Their son, Tyler, is a midshipman at the Naval Academy.

AIR NATIONAL GUARD OVERVIEW

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, it is my distinct pleasure to appear before this committee for the first time with the Air National Guard (ANG) Military Construction Program request for Fiscal Year (FY) 1991. The MILCON projects in this program are vital to support our conversions to more modern weapon systems, to support our growth into new missions, and to replace our aging and often antiquated physical plant.

With both a state and federal mission, the Air National Guard is unique among the Air Reserve components. In 1990 the Air National Guard proudly celebrates 43 years of service to community, state, and nation.

Air Guard units in a nonmobilized status are commanded by the governors of the fifty states, the Commonwealth of Puerto Rico, the Territories of Guam and the Virgin Islands, and the Commanding General of the District of Columbia. Each governor is represented in the chain of command by The Adjutant General (TAG).

Units may be called to federal service by the President, Congress, or both, to enforce federal authority, suppress insurrection, or to repel invasion. While call-up or mobilization authority is normally invoked to employ ANG forces in the federal mission, specific instances occur in which mobilization authorities are not invoked but the ANG is called upon to augment active duty forces. We have just seen such an occurrence - Operation "Just Cause" in Panama which saw ANG A-7, C-141, C-130, C-5, communications and radar and medical units employed alongside active duty forces. In peacetime, ANG units are assigned to gaining Air Force major commands. These commands provide advisory assistance and evaluate unit training, safety, and readiness programs.

Today, the Air National Guard has over 116,000 members and provides 92 percent of the fighter interceptor force, 56 percent of the reconnaissance force, 48 percent of the tactical air support, 36 percent of the tactical airlift, 24 percent of the tactical fighters, 20 percent of the strategic air refueling capability, 19 percent of the rescue and recovery capability, and 6 percent of the strategic airlift capability of the U.S. Air Force.

Of the approximately 282 ANG mission support units, 150 provide manpower and resources to Air Force Communications Command. ANG combat communications, as well as engineering and installation units, provide 69 percent of the total Air Force resources.

Air Guard civil engineering units (Prime RIBS, Prime BEEF, and RED HORSE) provide 16,412 wartime-trained engineering, fire fighting, and services personnel. Additionally, there are ten ANG aeromedical evacuation units accounting for 24 percent of Air Force capability, while 23 Air Guard units provide 14 percent of the total USAF aerial port resources.

Air Guard units from all mission areas participate annually in training deployments in and out of CONUS. For example for the past ten years ANG A-7's have been deployed year-round in Panama. They were called upon during "Just Cause" to support U.S. operations in Panama and played a key role in restoring the country's democratic government. The ANG and the Air Force Reserve also share full-time responsibility for tactical airlift support throughout Central and South America.

Closer to home, ANG F-15, F-16 and F-4 units perform 24-hour air defense alert along the coasts and borders of the United States. The 154th Composite Group of the Hawaiian ANG flies F-15's to provide air defense of the Hawaiian Islands. Air Guard KC-135E tanker units have crews and aircraft on 24-Hour alert to support strategic offensive requirements.

As our nation marshalls its forces to combat one of our most deadly enemies - drugs - the ANG is on the leading edge of the struggle against drugs with both air and ground elements involved. The ANG has been, and will continue to be, a major contributor to the overall national strategy to combat drug traffic into the U.S. All of this would not be possible without the staunch support of the Congress.

We appreciate the support and interest this Committee has shown to previous Military Construction programs, and especially to our FY 90 program. In FY 90 we were appropriated $238.3 million. We expect that by 30 September of this year we will have executed 100 percent of the approximately $200 million that the Office of the Secretary of Defense has apportioned to us. Additionally, we are operating under a $4.8 million Gramm-Rudman-Hollings sequestration which affected FY 90 by $2.463 million and FY 86-89 by a total of $2.292 million. As you know, the President has notified the Congress that he has deferred funds under the Impoundment Act to be reprogrammed to buy M-1 tanks and F-15 aircraft.

Our $66.5 million request for FY 91 is the lowest in more than 11 years. It is nearly $172 million lower than Congress appropriated in FY 90. This drastic reduction is a result of decreasing budgets throughout the Department of Defense. Our original request of $116 million was reduced by the Secretary of Defense.

While the Department of Defense budget is being reduced we in the Air National Guard continue to modernize. Our military construction backlog now exceeds $1.5 billion, and continues to grow. Our MILCON problem is further exacerbated by an aging physical plant and the need to replace approximately four billion square feet of facilities dating to 1945 and prior. At current funding levels, many construction projects needed today cannot be programmed until after the year 2015. In addition, replacement of over 3,000 underground fuel storage tanks is vital to prevent contamination of soil and aquifers on and around our bases.

Adequate facilities are critical to mission accomplishment, and to attract, train, and retain the kind of highly-qualified people the Air Guard seeks within its ranks.

We ask your support for our fiscal year 1991 Military Construction Program request. These construction projects are essential for the Air Guard to reach and maintain its wartime capabilities as part of the Total Force. Any reduction in this request will seriously impact the combat readiness of the Air National Guard.

Mr. Chairman, this concludes my statement on behalf of the Air National Guard's Fiscal Year 1991 Military Construction request. This committee's continued interest and support is sincerely appreciated, and I look forward to working with you in the future. I would be pleased to answer any questions that you may have pertaining to this statement.

Mr. HEFNER. General Closner.

STATEMENT OF GENERAL CLOSNER

General CLOSNER. Mr. Chairman, this also is my first appearance here. I am happy to present the Air Force Reserve's fiscal year 1991 military construction program budget request. You will have my prepared statement for the record.

In fiscal year 1991 our request is a balanced submission that considers decreasing defense dollars, total MILCON requirements, and a growing MILCON backlog. Sometimes we neglect the heating and air conditioning systems and sewer systems of our bases. With decreasing funding levels and aging physical plants, our MILCON backlog continues to increase.

I am pleased to report that the fiscal year 1988 and all prior MILCON programs are fully executed. Execution of our fiscal year 1990 MILCON program is well underway with two of 18 projects awarded, and 12 additional projects out for bid. The Department of Defense construction moratorium has caused short term execution delays involving three projects. We do not foresee long term or major impact of the moratorium on our programs at this time.

The Air Force Reserve MILCON budget request for fiscal year 1991 totals $37.7 million. We anticipate no difficulty in executing all projects during fiscal year 1991. There are no projects in our fiscal year 1991 budget which are impacted by recent announced proposals for base closure or realignment.

At this point, I believe it is important to highlight facts about our MILCON program over the last couple of years. Fiscal year 1990 appropriations were 35 percent less than our fiscal year 1989 MILCON appropriation. Our fiscal year 1991 request is 18 percent less than our fiscal year 1990 appropriations, a net reduction of 53 percent from the fiscal year 1989 program, considering both years.

Our request provides a balanced program that reflects the most urgent military construction requirements of the Air Force Reserve.

Mr. Chairman, this concludes my statement.

[The biography and prepared statement of General Closner follow:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE SUBCOMMITTEE ON MILITARY CONSTRUCTION

COMMITTEE ON
APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 1990

FY 1991 BUDGET ESTIMATES

SUBJECT: Air Force Reserve: FY 1991 Military Construction Program

STATEMENT OF: BRIGADIER GENERAL JOHN J. CLOSNER
Deputy to the Chief of Air Force Reserve
Headquarters, USAF

Not for Publication Until Released
by the Committee on Appropriations
United States House of Representatives

BRIGADIER GENERAL JOHN J. CLOSNER, III
DEPUTY TO THE CHIEF OF AIR FORCE RESERVE
HEADQUARTERS U.S. AIR FORCE, WASHINGTON, D.C.

General Closner was born March 27, 1940, in Houston, Texas and graduated from Bayside High School, Long Island, New York, in 1958. He earned a bachelor's degree in business administration from Texas A&M University in 1962. The general completed Squadron Officer School in 1971, Air Command and Staff College in 1973, and Industrial College of the Armed Forces in 1976.

The general was commissioned through the Air Force Reserve Officer Training Corps program at Texas A&M University. He received his wings after pilot training at Reese Air Force Base, Texas, and then completed F-100 fighter training at Luke Air Force Base, Arizona. In August 1964 General Closner was assigned to the 494th Tactical Fighter Squadron, Royal Air Force Lakenheath, England, where he flew F-100s.

In June 1967 he was assigned to the 615th Tactical Fighter Squadron, Phan Rang Air Base, Republic of Vietnam, as an instructor pilot. He flew 300 combat missions and also had assignments as a standardization and evaluation officer, ground training officer and flying training officer.

General Closner separated from active duty in July 1968 and flew for 18 months with Pan American Airlines. In February 1970 he joined the Air Reserve Technician program as a full-time, civil service employee with active participation as a reservist. He was assigned to the 177th Tactical Fighter Squadron, New Jersey Air National Guard, Atlantic City, where he flew F-100s and F-105s, and was chief of standardization and evaluation.

In January 1973 General Closner was assigned to the 507th Tactical Fighter Group, Tinker Air Force Base, Oklahoma. He figured prominently in the commands' first F-105 fighter conversion and served as chief of standardization and evaluation, and as an operations and training officer. He assumed command of the 465th Tactical Fighter Squadron at Tinker in November 1975.

In May 1978 the general became commander of the 917th Tactical Fighter Group at Barksdale Air Force Base, Louisiana, and flew A-37s. Two years later, the unit was the first in the Air Force Reserve to convert to A-10s. As commander, he also guided the activation of the first A-10 flight training school for the Air National Guard and the Air Force Reserve. He served as commander of the Air Force Reserve's first F-16 wing, the 419th Tactical Fighter Wing, Hill Air Force Base, Utah, from July 1983 until July 1987, when he became commander of 10th Air Force, Bergstrom Air Force Base, Texas. He assumed his present duties in July 1989. He was promoted to brigadier general April 5, 1987, with same date of rank.

A command pilot with more than 5,000 flying hours, General Closner has flown A-10s, A-37s, F-16s, F-100s and F-105s. His military decorations and awards include the Legion of Merit, Distinguished Flying Cross, Meritorious Service Medal, Air Medal with 14 oak leaf clusters, Air Force Commendation Medal and Air Force Outstanding Unit Award with three oak leaf clusters.

General Closner is married to the former Angela Syder of Norfolk, England. They have a son, Scott, and a daughter, Leigh.

MR CHAIRMAN AND MEMBERS OF THE COMMITTEE:

This is my first appearance before you and I am honored to be here. It is my pleasure to present the Air Force Reserve FY 1991 Military Construction Program (MILCON) budget request, and request the necessary authorization and appropriation for program execution.

Our FY 1991 MILCON request is a balanced submission considering decreasing defense dollars, total MILCON requirements and a growing MILCON backlog. The requested funding is urgently needed to support a dynamic and ready Air Force Reserve. As you know, we are now operating state-of-the-art equipment which requires adequate and timely constructed facilities. Also, we are working hard to upgrade our existing physical plant to support our increasing readiness requirements. With a decreasing funding level and an aging physical plant, our MILCON backlog continues to grow. So, with adequate funding, we can pay now. The alternative is to delay and allow prices to increase and pay double or triple later.

I would like to take a few moments to share with you the status of our force, progress we have made the past year, some of our operational achievements, impacts of the proposed base realignment and closure initiatives, and several of the many challenges the Air Force Reserve will be faced with in the future.

MANPOWER

As the members of this committee are aware, the Air Force

Reserve has experienced significant mission growth over the past decade and a half. You have made this possible by providing the end-strength required to meet the associated wartime and contingency tasking responsibilities.

Air Force Selected Reserve end-strength has consistently grown over the past 16 years. Total growth was approximately 65% between 1970 and 1989. We are recruiting to an end strength of 84,900 in FY 1990, up 1700 from FY 1989. As this growth has occurred, however, the number of full-time support personnel necessary to support the Air Force Reserve has declined from 25 to 18% of the Selected Reserve. Our full-time workforce of civilians, Air Reserve Technicians (ART), regular Air Force assigned to the Air Force Reserve, and Reservists on Statutory Tours of active duty, finds itself increasingly stretched to meet the ever expanding management requirements of our units, especially with regard to readiness. As our wartime requirements continue to grow, our management structure must be able to meet the increasing requirement. We ask for your support in this critical area.

EQUIPMENT MODERNIZATION

The primary goal of the Air Force Reserve is to train and sustain a superior combat ready force prepared to augment the Regular Air Force during emergencies, contingencies and wartime. Today, the Air Force is making great strides by providing our flying units with some of the newest, state-of-the-art aircraft in America's arsenal. The support Congress has given the Air

Force has made these modernization efforts possible. We will do everything possible to ensure that the capabilities of these weapon systems are fully exploited.

We will continue to upgrade our tactical fighter force during FY 1991 with the conversion of our last two F-4 units to F-16s. Our units at Carswell AFB and Bergstrom AFB, Texas will convert to the F-16A/B in late FY 1991.

The continuing F-16 modernization of our tactical fighter force brings a corresponding challenge to the Reserve as we prepare to meet the anticipated threat well into the 21st Century. We must now address the midlife upgrade of this aircraft while ensuring commonality with the Regular Air Force, the Air National Guard, and our allies. We coordinate our efforts with the Regular Air Force and NATO as an active member of the Multi-national Fighter Program.

Continued Congressional support for the modernization of the Air Reserve Component is greatly appreciated. This support was manifested in a number of ways in FY 1989. Among them were the appropriation of funds for two new C-130H aircraft to complete the modernization of the 910th Tactical Airlift Group, Youngstown Municipal Airport, Ohio. We also appreciate the funds to initiate an Air Force-wide upgrade and improvement to the F-100 engines used in the Air Force Reserve's older F-16 aircraft.

OPERATIONAL ACHIEVEMENTS

The Air Force Reserve continues to make outstanding contributions to the Military Airlift Command (MAC) world-wide airlift system. No matter where the United States Air Force flies, from Antarctica to Africa, from Iceland to Panama, the Air Force Reserve is ready and is there.

In FY 1989, our part-time airlifters flew over 63,600 hours in direct support of MAC's operations around the world. This included exercise support missions, Joint Airborne/Air Transportability Training and Special Assignment Airlift Missions, as well as normal channel cargo missions.

The Air Force Reserve responded to both military and civilian search and rescue requests including support for the space shuttle, medical evacuations, strip-alert and incidents involving aircraft, ships, motor vehicles and personnel on foot. All three rescue units and our helicopter-equipped special operations unit flew 309 hours in 66 missions and were credited with 28 life saves/assists.

In 1989, the Air Force Reserve showed it could deploy rapidly and efficiently, and fight side-by-side with our active duty counterparts. This was evident in the major role we played in the recent Panama contingency operation, JUST CAUSE, which shows there is no lack of volunteerism among Reservists. Our support covered a broad spectrum of combat and supporting activity including strategic and tactical airlift, aerial refueling, aeromedical evacuation, gunship surveillance and interdiction, and base operating support. Reserve associate crews were on the strategic airlift C-141s that air dropped the initial forces into Panama, and they were on the tankers that supported them. Our unit equipped C-5 and C-141 units flew airland missions to Panama as well as supporting CONUS airland requirements, while our tactical C-130s provided airland support within Panama. Reserve AC-130 gunships were in Panama when JUST CAUSE began, and they were responsible for destroying several significant targets during the operations. Our aeromedical crews flew on the C-141s that brought casualties out of Panama, and our ground support personnel helped recover and generate these and other airlift aircraft. The Panama operation was an excellent example of how our Total Force Policy can work to support a short-notice contingency operation without the need for a formal mobilization of reserve personnel.

Additionally, in September of last year, the Air Force Reserve was called upon to provide airlift support of the southeast after Hurricane Hugo. We flew 26 airlift missions as well as 44 weather reconnaissance and aerial spray sorties which covered one half million acres in South Carolina during Hugo.

In October, the Air Force Reserve flew five missions carrying 149 tons of cargo and 97 people to California in support to the San Francisco earthquake relief effort.

We also participated in the humanitarian response to the Armenian earthquake with four strategic airlift missions. Two each C-141 and C-5 missions carried a total of 212 tons of equipment/supplies and 147 passengers.

We supported the national drug interdiction program with aerial surveillance, air transportation, and technical support, with willing volunteers. Our 71st Special Operations Squadron assists law enforcement agencies on request with helicopter transportation, surveillance, communications support, and actual training of personnel to use night vision equipment and clandestine tactics. Reserve intelligence personnel have provided extensive support to NORAD, assisting them in activating their counter narcotics Tactical Intelligence Cell. Reservists from a variety of units dedicated over 1100 days of active duty to this project that will enhance NORAD's ability to support these sensitive operations.

We are actively seeking ways to assist in the fight against illegal drugs. Each of our unit commanders has been tasked to offer recommendations as to how his/her unit could help in this fight. We will eagerly offer any and/or all assets that we have to authorized agencies requesting/requiring our assistance.

UNIQUE RESERVE MISSIONS

The Air Force Reserve has several unique missions. We provide 100% of the DOD fixed-wing, large area aerial spray capability. We will also assume, during FY 1991, 100% of the weather reconnaissance capability. Last year, we flew reconnaissance during Hurricane Hugo as well as during other less severe storms. Additionally, along with the Air National Guard, we provide 100% of the Air Force augmentation to the airborne fire fighting capability of the US Forest Service with our Mobile Aerial Fire Fighting Systems.

PROGRAM CHANGES

The effect of the Department of Defense-wide Base Closure program on our people is location dependent. The Air Force Reserve is working with Air Force management to minimize Reserve personnel turbulence and adverse impact on unit mission readiness.

BASE REALIGNMENT AND CLOSURE, ROUND I

As this Committee was briefed last year, the Air Force Reserve is impacted at 3 of the 5 Air Force Bases recommended for closure. All impacts are being worked with the Air Staff.

- **Norton AFB, California (445th Military Airlift Wing-Associate), 48 C-141s:**

The Air Force Reserve personnel will move with 12 C-141s to McChord AFB, Washington. MILCON requirements covered by the DOD MILCON fund for base closure totals $1.15 million. Air Force Reserve support units will move to March AFB, California. Current construction requirements total $9.20 million. This amount is subject to change as the on going planning process continues.

- **Mather AFB, California (940 Aerial Refueling Group), 10 KC-135s (8 currently, 2 additional aircraft in FY 1990/4):**

The report recommends our unit remain at Mather if local authorities elect to operate Mather as an airfield. Negotiations/discussions are incomplete on a final Reserve unit cantonment area. The base closure MILCON fund will cover $2.80 million of construction requirements. However, this amount may not be sufficient if additional construction requirements are needed based on a final agreed upon cantonment area.

- **Chanute AFB, Illinois (912 Civil Engineering Squadron):**

The FY 1990 Civil Engineering Training Facility project is no longer required in that the squadron will be deactivated and the manpower authorizations reallocated to other existing squadrons.

Base Closure, Round II

This round of candidate bases for closure/reductions will have no major impact on the Air Force Reserve FY 1991 MILCON program although we have several projects on bases included in the candidate list. Current plans allow the Air Force Reserve to maintain present operations on these installations. All aspects of the selections will be fully addressed during the forthcoming Environmental Impact Analysis process.

MILITARY CONSTRUCTION

Prior Year Execution

I am pleased to report, all FY 1988 and prior year MILCON projects/programs are fully executed. In the FY 1989 program, 31 of 34 projects are awarded, an execution rate of 91% and the second consecutive highest execution rate in Air Force Reserve history. The three remaining projects will be awarded this fiscal year.

Current Year Execution

Executing the FY 1990 MILCON program is well underway with

2 of 18 projects awarded and 12 additional projects out for bids. If the current bid environment remains good, we will execute all 18 projects this year, which will make this another banner year. The DOD construction moratorium has caused some delays in execution of our current program but we do not foresee any long-term impact at this time.

FY 1991 MILCON Budget Request

The Air Force Reserve MILCON budget request for FY 1991 totals $37.7 million; $33.0 million for major construction, $1.4 million for minor construction, and $3.3 million for planning and design. Approximately 18% of the major construction supports new mission requirements, and 82% supports current mission. Currently, 22 of 23 projects meet Congressional 35% design criteria. The one project, Squadron Operations Facility, McChord AFB, Washington, is a joint Base Closure project and was accelerated to our FY 1991 program. We anticipate no difficulty in completing the one remaining design and executing all projects during FY 1991.

Reduced MILCON Funding

At this point, I believe it is important to highlight some facts about our MILCON programs over the last couple of years. Our FY 1990 appropriation was 35% less than our FY 1989 MILCON appropriation. Further, our FY 1991 request is 18% less than our FY 1990 appropriation, a net reduction of 53% of our FY 1989 program considering both years. With full funding of both FY 1990 &

1991 programs, this reflects a dramatic decreased funding trend. I feel the Air Force Reserve must sustain adequate support, resources and high state of readiness, especially, in light of possible Active Force cutbacks.

SUMMARY

In summary, the program I have presented today is the result of a careful, well-reasoned, and thorough programming process. Our request provides a balanced program that reflects the most urgent MILCON requirements of the Air Force Reserve. Other urgent requirements exist but restricted funding levels prevent their inclusion. Our FY 1991 program places the highest priority on readiness and ensures timely support to current mission initiatives. We are deeply appreciative of your past support and urgently seek your favorable consideration of our FY 1991 MILCON request.

This concludes my statement. I would be pleased to answer your questions or arrange for answers to be inserted in the record.

STANLEY COUNTY AIRPORT, ALBEMARLE, NORTH CAROLINA

Mr. HEFNER. General Shepperd, what is the current status of the Stanley County Airport Project in Albemarle, North Carolina?

General SHEPPERD. It is on track. As you may know, we are moving along with that project in conjunction with the airport authority there. We have done our survey. We have prepared the DD Form 1391s. It involves basically extending the runway, providing extended apron and turnaround for C-130 operations and instrument landing system capability for that facility. It enhances our training capability for our 145th Tactical Airlift Group in North Carolina as well.

I think it is a good project. It is moving along nicely. We feel there are no unforeseen problems that are going to stop it.

Mr. HEFNER. Thank you.

Do you have any questions?

Mr. COLEMAN. Not of these witnesses.

Mr. HEFNER. We will have our next panel.

The Navy and the Marines.

Mr. ROSAMOND. This is Admiral Guthrie's first appearance. I believe it would be proper if he leads off.

STATEMENT OF ADMIRAL GUTHRIE

Admiral GUTHRIE. I am pleased to appear before you. I ask that my prepared statement which I will summarize by a few brief remarks be entered into the record.

Our fiscal year 1991 joint Naval and Marine Corps Reserve budget request for military construction totals $50.2 million. It is designed to maintain our joint facilities program on a steady course as we enter the decade of the nineties. We believe this to be the most prudent course, given probable changes in force structure and force mix which will be developed over the next several months.

The projects which make up our request are needed to support our physical plant inventory currently valued at approximately $2.7 billion. Preserving our infrastructure is essential for us to maintain our high state of mobilization readiness. We feel the projects requested represent an equitable and balanced approach to supporting Naval and Marine Corps programs.

The Naval Reserve is a full partner in the base closure effort in progress. As part of this effort, all of our facility assets will be reviewed to assure their optimum use with full regard to any forthcoming changes in the structure of the Naval Reserve component of the Total Force. We support Secretary Cheney's efforts to streamline the base closure process in order to realize savings as soon as possible.

General Adams is here to speak on behalf of the Marine Corps exclusive issues of the MCNR program.

I thank you for the opportunity to appear before you today and for the support this subcommittee has provided in the past. I stand ready to answer any questions.

[The biography and prepared statement of Admiral Guthrie follow:]

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE

STATEMENT OF
REAR ADMIRAL WALLACE N. GUTHRIE, JR., U.S. NAVAL RESERVE
DEPUTY DIRECTOR
OF
NAVAL RESERVE

BEFORE THE
SUBCOMMITTEE ON
MILITARY CONSTRUCTION
OF THE
HOUSE APPROPRIATIONS COMMITTEE
ON
21 MARCH 1990

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE

BRIEF BIOGRAPHY
OF
REAR ADMIRAL WALLACE N. GUTHRIE, JR., USNR

Rear Admiral Wallace N. Guthrie, Jr. graduated from the U.S. Naval Academy and was commissioned an Ensign in the Navy in 1961. Following graduation he attended the Naval Submarine School and subsequently spent 6 years on active duty in the submarine service. His last assignment was as Operations and Navigation Officer aboard the nuclear powered, missile firing submarine ABRAHAM LINCOLN (SSBN-602).

Following his release from active duty in 1967, Admiral Guthrie became employed with the Naval Training Systems Center, Orlando, Florida. His most recent assignment was as Head, Submarine Plans and Analysis Branch. As a civilian, he continued his education at Rollins College, Winter Park, Florida where he earned a Masters Degree in Management and a post-masters degree as a Specialist in Education.

Admiral Guthrie has maintained an active Naval career for more than 28 years. Subsequent to his release from active duty, he commanded five Naval Reserve units in Orlando, Tampa and St. Petersburg, and served as the Inspector General on the staff of Naval Reserve Readiness Command Region EIGHT, Jacksonville prior to his selection to flag officer rank in 1986. Mobilization assignments as a flag officer have included Deputy Commander Submarine Force, U.S. Atlantic Fleet and Submarine Reserve Mobilization Coordinator in the Office of the Assistant Chief of Naval Operations for Submarine Warfare, Washington, D.C. In addition, he served as the Chairman, National Naval Reserve Policy Board for the Secretary of the Navy.

Admiral Guthrie has been selected for 2-star rank in the Naval Reserve, and was recently recalled to active duty as Deputy Director of Naval Reserve, effective 2 July 1989.

Mr. Chairman and members of the Committee. I am pleased to appear before you to present the fiscal year 1991 Military Construction, Naval Reserve budget request.

Our world is dynamic and challenging. The rate of change is quicker than most of us have ever experienced. In the past, the Naval Reserve Force has always risen to challenges and adjusted to those conditions which time and events have dictated. We are facing the current period of change determined to maintain a strong "Total Force" posture. What changes will be made in the Naval Reserve Force structure to meet future mission requirements have not yet been determined. Answers to this and other questions will be forthcoming over the next several months. It is with this in mind that we focus on our facility requirements and, in particular, our fiscal year 1991 budget request.

Our program is on a steady course which we intend to maintain. We are not acquiring or upgrading facilities which will not be needed in the future; instead, we are trying to meet needs which have developed over the past decade of rapid growth of the Naval Reserve. The projects we ask for today are badly needed, as measured by our construction backlog, age and the value of our facilities. Our backlog of construction projects exceeds one billion dollars; the average age of our facilities is in excess of 39 years; and, we are maintaining a physical plant valued at 2.7 billion dollars. In spite of these conditions, the Naval Reserve has adapted to the requirements and conditions presented to it and has reached new heights of mobilization readiness as part of the "Total Force". Our ability to recruit, train and retain top quality personnel is the key to maintaining readiness in the Naval Reserve. Our most important resource -- people -- require facilities which are attractive, provide a proper learning environment and are part of an image of which they can be proud. In this regard, the projects requested today will improve the quality of life for our people and will provide them with a highly effective training environment.

As part of the Navy's "Total Force" we continue to see a balanced "fair share" approach to funding our requirements. The condition of our facilities and need for replacement mirror the active Navy, albeit on a smaller scale. Within the Naval Reserve, we have maintained an equitable balance between our surface program, which includes 225 Reserve centers, and our air program with its six naval air stations and 17 other Reserve air sites.

Our joint Naval Reserve and Marine Corps Reserve request for $50.2 million includes only three new mission projects. We continue to concentrate on improving what we have rather than increasing our facility inventory. These facilities support a slight decrease in drilling population during the fiscal year. Our goal is to upgrade our existing physical plant to support mobilization readiness at the current funding level.

As we testified last year, the Marine Corps is now a resource sponsor for its portion of the Military Construction, Naval Reserve program. The Marine Corps Reserve comprises one-quarter of the Marine Corps Force structure and significantly contributes to the total combat power of the Marine Corps. The Marine Corps Selected Reserve end strength will remain relatively constant for fiscal year 1990. General Adams is here today to speak on behalf of Marine Corps issues in the Military Construction, Naval Reserve program.

Before I close I would like to add that the reductions proposed by the 1988 Commission on Base Realignment and Closure will have little effect on Naval Reserve facilities. The full impact of the latest proposal for base closures is unknown at this time; however, we are studying certain Naval Reserve facilities closely including Naval Air Station, South Weymouth and Naval Air Facility, Detroit which were included on the list of those domestic facilities recently identified by the Secretary of Defense for possible closure or realignment.

We appreciate the support this committee has provided and seek your approval of the projects which comprise this budget submission.

This concludes my statement Mr. Chairman. I will be happy to answer any questions and to provide additional information. Thank you.

General ADAMS. I am Brigadier General Adams, Director of Facilities and Services Division, USMC. It was my pleasure to appear before you a couple of weeks ago on our Active duty military construction programs. I appreciate the opportunity to appear again today.

As you know, beginning in fiscal year 1990, the Marine Corps assumed budgeting responsibility for its Reserve facilities. We feel that is good relations we have had with the Navy.

We only have one Reserve project this year for a hangar at the Marine Corps Air Station in Camp Pendleton, California, to provide the much needed facilities for a Reserve AH-1J Cobra attack helicopter squadron.

Our backlog is decreasing by about $5 million from $84 million down to $89 million.

We don't have any base closures in the Marine Corps that affect our program, but the Navy, on the most recently announced Department of Defense list, has two or three that could affect us. We have facilities in units located in a Naval air station in Alameda and at South Weymouth, Massachusetts, where we will have to find out where we can relocate some of our facilities if those bases in fact close, and that support is taken away.

That concludes my statement, sir. We appreciate the support of the Marine Corps Reserve received from this committee in the past.

I will be happy to answer questions.

Mr. HEFNER. Thank you, sir.

Mr. Coleman.

DEFINING BASE CLOSURE I AND BASE CLOSURE II

Mr. COLEMAN. I wanted the Secretary, if he could, to go over just one issue. In your statement you referred to base closure I and base closure II. Am I correct in assuming that by base closure I, you are referring to the special Act, the Act passed by the 100th Congress?

Mr. ROSAMOND. Yes.

Mr. COLEMAN. Base Closure II is Cheney's submission of candidates?

Mr. ROSAMOND. Yes.

Mr. COLEMAN. Your own statement I think highlights some of the concerns that many of us have as they relate to Guard and Reserve issues. There are statements from the various services, but the Marine Corps Reserve anticipates that it will receive some adverse effect. Could we talk about that for a minute?

Mr. ROSAMOND. I welcome comments from General Adams.

Based on their assessment of base closure II proposals, they are concerned for their readiness. To get into specifics and costs et cetera, I will have to provide that for the record unless General Adams has further comment.

General ADAMS. The only concerns which we have, sir, revolve around Alameda, where we have a Reserve Air Group stationed there. Then we have a station in South Weymouth. If those in fact close, we are going to be looking for——

Mr. COLEMAN. Are those on——

Mr. ROSAMOND. Base closure II.

Mr. **Coleman**. Those are candidates——

Mr. **Rosamond**. Alameda and Naval Air Station, South Weymouth.

Mr. **Coleman**. There are concerns. What you all are dealing with now in reality is the Commission, base closure I?

Mr. **Rosamond**. Base closure II are proposals. We are studying them. We are working with the various components to try to minimize adverse effects. Base closure I and base closure II are two distinct actions.

Thank you for pointing that out, Congressman.

General **Adams**. We don't have specific concerns regarding base closure I.

FISCAL YEAR 1990 SUPPLEMENTAL

Mr. **Coleman**. Let me ask a general question then. I noted the Chairman's opening statement suggests that there are some problems with respect to this Nicaragua-Panama funding being taken out of some of the programs and projects that this Congress had last year authorized and appropriated. I have that, infamous or famous list, whichever it is. I don't know which it is. It came evidently from, the Comptroller at the Pentagon.

I was told yesterday by someone at OMB in testimony before the Foreign Operations Subcommittee, that this was being reviewed again, that this was not the final statement, that it was taken back and is under review.

All I really wanted to point out and ask you about was this list. I commented on it here, in the Military Construction Subcommittee, earlier. The problem I am having is that there were three armories, all in the State of Texas, which would be given up as part of the $300 million going to Nicaragua in the Fiscal Year 90 supplemental.

I was just curious about why they were just to be expendable this year, if in fact they were, and whether or not the Guard had input in the Comptroller's position?

Mr. **Rosamond**. Let me take that in general terms. On the Guard's input, I will defer to General Navas on that. I am aware that the committee met yesterday. I also heard the same comments last night on C-Span. I am not privy to those deliberations.

Mr. **Coleman**. I didn't see C-Span. The televised our hearing?

Mr. **Rosamond**. Yes. The specific project list was developed, as I understand it, by the Comptroller. General Navas will be able to elaborate.

General **Navas**. As you are aware, the $300 million that would be provided to the contras, or to the Nicaraguan Government, was supposed to come out of the savings from the base closures. However, we got a list of projects from the Army National Guard program that had to be deferred or provided to make up that total amount. In our case it was $9 million.

Like you have mentioned, it was the armories in Dallas, San Antonio and Temple. Those were lists picked up by, I presume it was the Comptroller, from the list of projects submitted in our book. It was instructed that those projects would be deferred.

Mr. COLEMAN. Why were those particular three armories judged to be expendable?

General NAVAS. Sir it was not our decision, and I have no idea. It was just a list provided to us. Those would be the projects that would be——

Mr. COLEMAN. A list provided to you. You did not provide those?

General NAVAS. No sir.

Mr. COLEMAN. Who would have provided the list?

General NAVAS. The OSD Comptroller, sir.

Mr. COLEMAN. That is who gave us a list on all of these programs, is it not?

General NAVAS. Yes sir, and I think it is the same list that I have.

Mr. COLEMAN. Is it your understanding they just picked those three armories out of the sky?

General NAVAS. Sir, they were part of our construction program. They were in the list of submitted projects. They picked them up. Those were the ones we were instructed to delete to make for that $9 million.

Mr. COLEMAN. Let me say publicly, and I think for all of us in this room, I think all of us share some of the same interests. Either we are going to have a National Guard and Reserve or we are not. We are going to have a good one or we are not. We are going to make it meaningful or we are not. This committee has been very supportive, and I think the American people have been very supportive, of this system in our country. I think it is important.

A lot of people tend to underplay it a lot of times. I think it is a mistake. I think we need to collectively get information about how they are making these decisions. We are all going to have to give up some things. I think there are big decisions being made about how it is we are going to decide where the money is coming from to do some of the things we think we need to do. Those discussions will be ongoing.

It seems to me that the Guard and Reserve ought to take a stand as a group. I, for one, think that the concept of using operation and maintenance funds is a travesty. It is exactly where we shouldn't be taking money. If they want to look at the Guard and Reserve for $9 million, let's make sure that is the best possible place to take $9 million.

I mean to suggest those are all of a sudden expendable, we need to know a lot more than what we have been told. I want to know the effect it is going to have. I think we all collectively ought to have a voice and be heard in this business. If that is where we are going to get the money, let's talk about its effect so we all know what we are doing.

Is that more important than raising taxes? Is that more important than taking it from some new weapon system we were planning on? Those are decisions that hopefully are being made somewhere. Nobody has come down here from, as you say, higher pay grade levels, to tell us exactly how this is all coming about.

But I am concerned about it. I would hope that they will give us another list and at least a justification for those kinds of cuts.

Mr. Secretary, do you have any comment on that?

Mr. ROSAMOND. I think your comments are well founded.

Mr. **Coleman**. I would like the Secretary to be advised by you that I sure don't have enough information to permit me to vote to close armories, to cut operations and maintenance, in order to aid Nicaragua and Panama.

I am just saying I think that we need to really have some information before we can recommend that. I hope this committee won't recommend that to the House of Representatives as a good idea unless we have some real backup material, and I don't think we have got it. I would certainly hope that the Secretary of Defense knows that.

Mr. **Rosamond**. Yes sir.

Mr. **Coleman**. Thank you, Mr. Chairman.

Mr. **Hefner**. Mr. Lowery.

Mr. **Lowery**. Thank you, Mr. Chairman.

This is an exciting year we have, as you can tell by the interest in the committee. Wouldn't it be wonderful if somebody had a great big clear crystal ball and we could have predicted all of the dramatic changes of '89, and we could have been better prepared for this transition we are in. It will take a little while to sort things out, no question, but I think we are going about it in a rather orderly fashion. It is probably going to take a year or two before we put it in a clear vision, if indeed we have it then.

CONSTRUCTION BACKLOG

Let me go back to something that has been a problem for quite some time. That is the construction backlog. In your prepared statement you say the construction backlog is more than $8.5 billion and it would take over 30 years to buy out that backlog at the current level of budget request. How will the base realignments and closures contribute to that backlog? I assume it is going to be a reduction?

Mr. **Rosamond**. Yes. Earlier I mentioned, as we go through this process of base closures, realignments, and to some degree, reductions in force structure, that we all see out on the horizon, we are trying to make some assessments how we can best use facilities associated with these closures on behalf of the Reserve components.

I think that is wise. I think it is sound management. To do otherwise, I think is very questionable.

Base closure I, which we referred to earlier, is the one that Congress approved. In working with the staff of the Base Closure Commission, and within the department, we were able to minimize the impact of those closures on the Reserve components. I fully intend to try to do what I can if the base closure II proposal comes to the table as a package. I foresee promise in the future. That backlog of $8.5 billion that is in my statement may well be reduced substantially over the next two or three years as we reconsolidate and realign force structure on the ground. So I see some promise there.

I don't even like the fact it went from $7.3 billion, which was in my statement last year, to the $8.5 billion. But when you assess it, and that is what we are trying to do as a management team, it is backlog, in my view. I have said this before in testimony, it is in the eyes of the beholder.

I see some promise out there. I am not discouraged. I am not upset. I realize the budget request is lower. I also realize it is a pause in time to see which way we are going. We are taking care of the minimum requirements. I fully plan to go forward this summer in the program review of the fiscal year 1992 program and make the case for Reserve components. I try to do it every year. We are not without a game plan.

I don't want to go out and make capital investments at this point in time not really knowing where I am making the investment. That is like sending a man to combat without medical support. You will have blood on your hands when you get back.

BASE CLOSURE I

Mr. LOWERY. Were you pleased with the base closure I round?

Mr. ROSAMOND. Absolutely.

Mr. LOWERY. In terms of the Reserve being given adequate——

Mr ROSAMOND. We participated, we played and we came out whole. There were some things—there was a minor range of inconveniences.

Mr. LOWERY. How about realignment and giving adequate input on facilities that, that may be closed that you had an interest in?

Mr. ROSAMOND. Yes. Let me give you an example. In the Northeast Corridor of Fort Dix, Fort Dix went into a semiactive mode. I went to Secretary Katzen, who was Assistant Secretary of Defense at that time, and made a strong plea to release $6.5 million that was held in abeyance for modernization of the ranges used by Reserve Components at Dix. He agreed. Those projects are ongoing now.

I view Fort Dix as a semi-active installation that needed range improvements. I know it from personal experience. I commanded there. I was pleased with the cooperation. I think that prevailed throughout that whole process from the Reserve component's point of view. Do any of the gentlemen here as supporting witnesses, care to comment to the Congressman's question? You are more than welcome.

Mr. LOWERY. Anything else?

Admiral GUTHRIE. We were pleased from the Naval Reserve side.

Mr. LOWERY. It is working? We are not being blinded by some predetermined categories?

Let me shift, Mr. Rosamond. I know your response for facilities, but I would like to ask your opinion on a much broader question.

Mr. ROSAMOND. Absolutely.

ROLE OF THE RESERVE COMPONENT IN TOTAL MILITARY FORCE

Mr. LOWERY. Do you see fundamental changes in the role of the Reserve component in total military force? Speaking generally, isn't there going to be a substantial reduction in the number of Active personnel? Would you expect to see Reserve forces go up or stay about the same, or will they be correspondingly reduced?

Mr. ROSAMOND. That is a very good question. I am glad you asked it because I would like to speak to that.

As we go through a total force policy study, which I am sure you are aware of, we are making assessments, trying to develop methodologies, some processes to give some real orderly assessments of what the force structure should look like not just in the near term, but in the future and long range. How do I see it once these forces come down in the Active components and how they move to the Reserve components, if they do move?

Let me share some thoughts with you on that. When you assess force structure under total force policy, I think there are some very fundamental principles that you have to deal with.

Number one, you have to look at force structure, whatever it may be by mission and by unit. Is it more suitable in the Active components? Is it more suitable in Reserve components? What does it do for capability? What is the proper balance? Those are very important questions.

It doesn't mean that you should bring it down one for one Active and Reserve or Reserve and Active. You have to assess your threat. You have to assess that mission of that unit and where the capability can best be performed. There are missions that are tailored to the Reserve components and there are missions that are tailored to Active Forces, but you have to methodically go through that process and determine what it should be.

Then whatever that structure is, especially since it is coming down, you must resource them to maintain the capability wherever it lies, whether it is on the Active side, or whether it is on the Reserve component side.

Then if you are willing to do that, set up a mechanism, and that is what the Secretary of Defense is doing with the total force policy study, I think we can, given that background, put some of these principles to work. As we go through the summer review, we will probably see reductions in both the Active and the Reserve components.

I think that is going to happen. Some of it will be dollar driven, et cetera.

To forecast for you at this point in time exactly what that is going to be, it is very difficult for me. I have some ideas.

I have seen some dollar figures. But until the decisions are actually made and hardened, I am reluctant to say Active is going to be higher or Reserve is going to be higher, especially in the land forces.

I see the department doing a very, very good job in trying to balance that out this summer. The leadership is behind it, I think the entire department is behind that effort to address the problems you are talking about.

Mr. LOWERY. Just roughly speaking, equivalent size forces of Reserve and Active Duty, what is the difference in cost?

Mr. ROSAMOND. That is a very good question. It depends on, in many cases, the service.

Let me try to address that by service.

Gentlemen, or any of the primary witnesses, would you like to comment? I would appreciate your comments.

In the Navy, let's take a Naval Reserve ship. It is manned, at 60 to 70 percent of its authorized strength with Active personnel.

The actual operational time in terms of costs is not that much lower.

Mr. LOWERY. How about overall to maintain that ship for a year?

Mr. Rosamond. I would say the maintenance of the ship is pretty much the same regardless whether it is Active or whether it is in the Reserve.

The ship has to be able to have an optempo. It has to be able to sustain it. I don't know that as a major issue at all.

Admiral Guthrie. Generally speaking, Mr. Congressman, it saves you about 9 percent to place a frigate in the Naval Reserve; however, savings will vary by ship type. Savings result primarily in the area of personnel costs and operating time, as opposed to required maintenance which is approximately equivalent.

Mr. Lowery. How about land forces?

Mr. Rosamond. Let me sort of lead in on that. Again, I would say that in the land forces there is a greater potential for savings. I am not prepared to quantify that.

There are some full-time support costs there. A lot of people would like to say that Reserve forces cost some fraction of Active forces, say a half or so.

I find that hard to deal with from a resource management background because it really depends on what that land force unit is doing. They may be gearing up for a major exercise, to go to Europe, for example. To really do that, to give you a hard figure, I would be hard pressed. I will welcome the comments from my fellow witnesses.

Mr. Lowery. Let me ask for the Army, the Corps and the Air Force?

General Navas. I would say we are in the throws of looking at how we are going to structure for the future. We are seeing the changing threat, changing environment.

We are seeing moving some forward deploy forces, maybe not as many as we used to have. We are looking at a contingency element, for example, a type of force that could do the short notice like the "Just Causes" and then basically a sustaining capability to enter into a longer conflict.

We are looking at how the Reserve Forces, in my case, the National Guard, could participate there. And looking exactly at what you say, we look at a graph where you have cost on one side and time to deploy or time to contact on another, you will see the cost having a unit within the first 15 days to move to contact, it is basically around the same for an Active or Reserve unit.

You could still do it for less money in the Reserve, but maybe you are looking at 70 cents on a dollar, 80 cents on a dollar. An economist would probably tell you you might as well pay the extra 20 cents and have the full time.

When you go from 15 to 45 days, the curve starts going down. Then a Reserve force becomes attractive as a round out, as an element of that package. Beyond 45 days in time to contact, a Reserve unit might very well be the answer because you can maintain that unit at a state of readiness, but at a much less cost because basically, like I said in my opening statement, our primary costs are manpower.

Sixty percent of our budget is manpower. You cut that, and it costs less to pay for a Guardsman only for 39 days out of a year. And you can have that capability.

We believe with proper resourcing we can have that capability in 45 and beyond, then that might be the solution. That mix DOD is working, I think it is going along those lines from the guidance that has been given by Mr. Duncan.

I think that we might find the right mix between AC and RC. There are some Reserve component units in the Guard, for example, that are very capable of going short notice. We saw it in Panama.

We had an MP company from Missouri right there on the spot. They did all the prisoner of war and detainee work there. We had a public affairs detachment from Minnesota that was there on the ground.

They were the ones that recorded the swearing in of the President. These are units that are highly trained because of high civilian skills.

They can move right in and be on the spot and can deploy with very much ease because they are not equipment intensive like Special Forces units, linguists. I think there is a mix there.

It takes a lot of study and a lot of brain searching. I think that their mix might be there and there are some economies to be obtained.

Mr. LOWERY. If I could ask two or more on the same lines, Mr. Chairman.

It strikes me, we are not going to pull forces out of Europe, be they divisions or airways, and maintain them here. I just can't see logically doing that.

The question becomes do we deactivate them completely or do we need them as part of a Reserve Guard component? Some elements of those forces we may maintain on an active basis. It strikes me we have got to give an awful lot of thought to that question.

If it is 15 days or beyond, the Reserve lends itself to that and there is some cost sharing, you may not think 20 percent or 30 percent is much, I think we at this table think it is plenty.

Obviously, time is a critical factor. If you can save close to 30 percent in costs and maintain a fairly consistent level of readiness, then I think there is much to be achieved.

Let me just pursue further. On an individual level, if we reduce an Active Duty structure, are we going to have active efforts to recruit the individuals that we want and we need into the Guard and Reserve?

Mr. ROSAMOND. Are we going to have adequate efforts to recruit into the Guard and Reserve?

I am sure we will take those prudent steps.

General NAVAS. Sir, let me address that for the Guard.

We are planning to maintain our same recruiting capabilities since we have been recruiting the best quality of Guardsmen we have had in a long time. We intend to maintain that recruiting effort and that capability over the foreseeable future.

General BULTMAN. Mr. Lowery, there will be no special considerations to absorb them automatically in the Guard and Reserve.

On a competitive basis as requirements, force structure and space permit, we will be glad to have them because they are of such high quality.

Mr. LOWERY. Job recruitment would be easier?

General BULTMAN. Yes, sir. Remember, you are bringing in a lot of combat armed soldiers. In terms of the Army Reserve, I may have to retrain them at a cost to train them in the skills other than combat arms.

Yes, they are excellent soldiers, and yes, we would like to have them and would benefit from their use. However, there is only so much room for their skills in our present force structure. Obviously, there is some concern about this.

Also, there may be a retraining cost because only specific skills are needed in some geographic areas. All of us have to live with this in the Reserve components.

Mr. LOWERY. About the Air Force?

Do you have all those planes to bring them back?

There is a lot of maintenance that goes into those planes.

General CLOSNER. The Air Force Reserve manning is a lot higher than the primary components, even more so than the Air National Guard. We are going to have an absorption problem just by virtue of the numbers.

I foresee that we are going to have absolutely no problem keeping our units strength up, probably with a decreased recruiting staff.

In a way, that is a waste because some of these highly trained assets are not going to be utilized. We are turning away some people now.

General SHEPPERD. I think you hit on a key point. Common sense would tell you these fully trained people for whom we have paid and have combat expertise, we would like to retain.

The simple fact is we are full, and there is no place to put these people without increased authorization and the rank that goes with them. These people are middle level ranks.

We have a rank structure problem within our forces right now. There is no simple, easy answer to absorbing these people. It is a complicated problem. There isn't a place to put them now.

General BULTMAN. That is one of the pieces of the formula that will also have to be looked at by the Army Reserve. A decision will have to be made as to whether our structure will stay flat or change to absorb some of the departing active component soldiers. That is one of the pieces of the force mix study that is very, very critical.

Because of the cost-effectiveness of the Guard and Reserve, we may again be able to reap many of those benefits.

Admiral GUTHRIE. As far as the Naval Reserve is concerned, our recruiting efforts are very much focused on prior service people for more than three quarters of our selected Reserve comes from prior service personnel.

It, too, is an end-strength issue, as to whether or not we are able to absorb them.

Mr. LOWERY. Mr. Chairman, thank you.

Mr. HEFNER. Mr. Alexander.

FORCE STRUCTURE STUDY

Mr. ALEXANDER. Thank you, Mr. Chairman.

Gentlemen, welcome.

I have heard your statements. I was impressed with the statement, Mr. Secretary, that you are in the process of assessing the air national security given the rapidly changing world and what our force structure should look like in the long term, what missions should be and what we need to do to implement those missions.

When do you expect the total force structure study to be completed?

Mr. ROSAMOND. I believe, Congressman Alexander, that is supposed to be at the end of December.

Mr. ALEXANDER. This year?

Mr. ROSAMOND. This year.

I am sure that is the desire and the goal of the Department. It is a very complex subject.

It is not simple, and it should be given the time to make sure it is.

Mr. ALEXANDER. We don't know what conditions will be a year from now. I understand that. Well, I——

Mr. ROSAMOND. We are doing everything in our power to make this time line. The Secretary is behind it 100 percent, as you know.

The leadership is there and the task force is in place, and the study is ongoing as we speak this morning. I hope that time line can be met. The product should be good.

As we go through this process, we can learn as we go. And if we see change in the world, we will take that into consideration.

But, it is a complex subject. It is not easy.

It is not symmetrical by service.

Mr. ALEXANDER. It is hard to look at the world that is opposite from what we believed for 45 years.

Mr. ROSAMOND. That is right. Last year we wouldn't be having this conversation.

Mr. ALEXANDER. To put this in the political vernacular, it is difficult to change your game. I realize that.

I am no military expert, but I see utilization of Reserves and National Guard simply because it is cheaper.

I, for one, will be watching your proposal very closely and I will be attempting to consider your request. I see from the appropriations standpoint that there is a great big hole over here, I am telling you, and it is going to be hard to find a way to fill it.

I would be interested in what you come back with. We will be watching.

Mr. ROSAMOND. I, for one, am very excited about this effort. I also think we can give you a good product.

Hopefully, it will be something that can be used for a long time in the future. I would just like to conclude with that. I am excited about the whole process.

Mr. ALEXANDER. I had the experience of traveling through Central America with a Guard unit, an Army Guard unit and I guess Air Force, too, because we had to get down there. It was an artillery unit.

I was right impressed with those people, with what they were doing, the training they were receiving.

Mr. ROSAMOND. Well, I visited all the Reserve components since I have been in this job. I am totally impressed. This past summer I had the opportunity to fly in an F-16 in Vermont with a young captain. That will wake you up.

It was quite impressive to see that professionalism. Also during the summer, I was with the Navy on the aircraft carrier Enterprise.

We saw a carrier flight operation. That is equally impressive. These are 19-year old people out there doing a professional job, kicking off F-14's, et cetera. These are two recent examples.

It is a pleasure to be able to say that.

Mr. ALEXANDER. Well, all of us had the opportunity to see some of those same units perform, and they are impressive.

Mr. Chairman, that is all I have got.

RECRUITING AND RETENTION

Mr. HEFNER. I would think recruiting has always been a question of the budget from time to time, it seems to be a bit excessive. We are certainly going to look at it in the context overall of the recruiting budget because now I know, and probably all these other gentlemen here know, we have people who are trying to get congressional help to get in the service. They are saying that they are not being recruited.

Mr. ALEXANDER. I have got a couple of questions when you finish, Mr. Chairman.

Mr. HEFNER. Okay.

Mr. Lowery and Mr. Alexander were not here when I made my opening statement.

Mr. LOWERY. I read it.

Mr. HEFNER. I don't know if they agree with me or not, but we are very perturbed about this proposed deferral. I don't think you can express it in too strong a terms when you go back across the river.

CAMP PARKS, CALIFORNIA

I have a letter here for you. We have a request to close a base. It is the only one I know of in the Congress.

We have a very short list of installations that Members of Congress have asked us to close.

We do have one. It is the Army Reserve and located in the District of Congressman Pete Stark. He wants to close Camp Parks.

He makes a good argument in his letter. I am sure you would like this. There is at least some relief to have someone requesting that we close a base.

I feel certain you will give it consideration.

General BULTMAN. Mr. Chairman, the Army Reserve needs that facility. Before we agree with the Member of Congress that it is a great thing to close, the Department of Defense and the Department of the Army will have to look closely at it.

When you talk about the citizen-soldier and the distribution of soldiers and the high cost of training areas, especially in California and similar areas, it is very important for the Reserve units that we have in that locality to have the use of this training area. If we closed it would either require moving many soldiers, or transferring their unit's missions elsewhere. I would hate to have to do that to a Member of Congress.

We already have the facility, and we have the soldiers there. I hope we can reach an understanding on this that can satisfy everyone.

Mr. Hefner. I am not an advocate. I am the messenger on this one.

Mr. Alexander. I would like to submit a couple of questions and I will submit them for the record.

Mr. Hefner. Mr. Lowery?

BASE CLOSURE

Mr. Lowery. Just a couple of more questions. I know you mentioned the Reserve and ~~Guard got~~ certainly a fair shake in the first round base closures.

Are you getting adequate locations for funds in base closure camps?

Mr. Rosamond. Yes, to the best of my knowledge.

Mr. Lowery. Does anyone disagree with that?

Mr. Rosamond. Are there some comments on that?

Mr. Lowery. What are you doing to place a bid on facilities in the second round to be sure to meet your present and projected future needs?

Mr. Rosamond. We are working very closely with the services and the components to determine what is there. As we proceed through the process of the closure and determine the way each facility will be closed—that is to say whether the facilities can be retained for use of the Reserve Components—our actions will be very similar to the process that we undertook in our round one.

To say that this is a blanket way of doing it across the board depends on the installation at hand and how you go about handling it. Are we playing? Yes, we are playing. We are going to play heavy all the way through the process.

Mr. Lowery. Let me just ask one question on behalf of my colleague Mr. Lewis from California, regarding Norton and March Air Force Bases. He was hit harder than any other Member with those two closures in his district.

Can you describe in some detail the adjustments you would like to make in the base closure recommendations for Norton?

Mr. Rosamond. I think I will defer to General Closner on that one——

Mr. Lowery. If you want to submit for the record if you are not prepared to address it, I can understand.

General Closner. Within a week or two there will be a revised public announcement, I understand. What it will include, I don't know.

The Air Force Reserve is certainly interested in retaining as many of the trained aircrew and drill spaces we have located there as possible, much the same as the Army would like to do. We understand there may be some C–141's coming to March Air Force Base.

Where the aircraft will come from, we are not sure. We will submit that for the record.

[The information follows:]

NORTON AFB, CALIFORNIA

It is possible some number of C–141s may come from Norton. The number of Reservists we can retain in the Norton-March area will depend on the number of aircraft moved to March and the crew ratio allowed.

Mr. LOWERY. Thank you, Mr. Chairman.

Mr. HEFNER. Thank you, Gentlemen, for coming.

The committee stands adjourned until 9:30 a.m., tomorrow.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Hefner.]

EXCESS PRIOR YEAR AUTHORIZATION

Question. It appears that OSD and the Reserve components agree that excess prior year authorization remains available for execution of the current year program, but that the actual amount that is available right now is in dispute. Is that correct?

Answer. No. The Reserve components and OSD agree on the amount of residual authorization.

Question. For the record, what is the amount for each component, according to OSD's calculation and according to the Guard and Reserve components' calculation?

Answer.

RESIDUAL AUTHORIZATION

[In millions of dollars]

Component	OSD	Component's
Army National Guard	−5.8	−5.8
Air National Guard	17.4	17.4
U.S. Army Reserve	6.1	6.1
Naval and Marine Corps Reserve	22.7	22.7
U.S. Air Force Reserve	7.5	7.5

Question. The proposed deferral totals $71.8 million for the Reserve components. How much of this amount is covered by excess prior year authorization, with no disagreement between OSD and the components?

Answer. All of the deferral except for $5.8 million for the Army National Guard is covered by residual authorization.

AUTHORIZATION

Question. The appropriations language in our bill contains the following conditions for each Reserve component: "As authorized by Chapter 133 of Title 10, United States Code and Military Construction Acts" if we were to delete "As authorized by Military Construction Authorization Acts," would it settle the disagreement on the fiscal year 1990 Guard and Reserve projects?

Answer. The Reserve components must comply with both authorization and appropriation language. Removal of a phrase from the appropriation act would not affect authorization requirements.

Question. How would the Department respond if we were to delete these conditions? As a matter of general policy, would the program be executed in accordance with our report?

Answer. The different language would not change authorization requirements. The Reserve components will continue to aggressively execute their programs based on funds apportioned to them.

BUDGET REDUCTIONS

Question. Mr. Rosamond, I believe it is fair to say that this Committee has been very supportive of your program. If you look at the history of the past several years, it is obvious that we have worked hard to augment your budget.

Last year we appropriated a total of $658.3 million for facilities for the Guard and Reserve. This year's budget request is $280.4 million, a 57 percent reduction from last year's level. (It is also a 38 percent reduction from what you had in the budget request last year.) Did you request a higher level program to OSD?

Answer. Proposed amounts by component before the budget review were:

Component:	*Millions*
Army National Guard	$119.5
Air National Guard	113.5
U.S. Army Reserve	61.9
Naval and Marine Corps Reserve	53.5
U.S. Air Force Reserve	42.5
Total	390.9

BASE CLOSURE/SELL AND LEASE-BACK

Question. Provide for the record a list of base closure locations where it looks like you will sell facilities and lease them back from the new owner, and your best estimate of the cost of the lease.

Answer. The only component contemplating a lease-back arrangement is the U.S. Army Reserve. The Army Reserve aviation facilities at Tipton Army Airfield, Fort Meade, Maryland will be sold as a part of the realignment at Fort Meade. The reserve aviation units would remain on the airfield on a lease back basis as a condition of sale of the airfield if the buyer were to retain Tipton as an operational airfield. The anticipated cost for the lease is $250,000 per year.

HURRICANE HUGO

Question. How are you dealing with your facilities needs in the Virgin Islands and elsewhere, in the wake of Hurricane Hugo?

Answer. For the Army National Guard—We are in the process of securing temporary buildings to support the Virgin Islands Army National Guard. All Army National Guard facilities on Saint Croix were either severely damaged or destroyed. Since only the Aviation flight facility was owned jointly by the Territorial or Federal Governments, we could not go in and accomplish repairs on the other buildings. Where the owners are attempting to repair the damaged buildings, the occupying units, equipment and supplies must be moved into other temporary structures, of which there are few remaining on the island. Consequently, most of the units and functions are working outdoors or in tents.

Efforts are underway to construct metal buildings to support the troop units, aviation and equipment maintenance since our request to construct a new direct support, general support maintenance facility in FY 91 was denied by OSD. We will request permanent facilities to replace the destroyed leased buildings in the next available budget request. The temporary metal building will be requested to be constructed, under Unspecified Minor Construction this year, but the replacement hangar must be reprogrammed for construction from accrued savings or in our FY 92 request.

The armory and organizational maintenance shop, authorized in the FY 1988 program are under construction but will not be available before August or September.

For the Air National Guard—Facilities damaged by Hurricane Hugo in the Virgin Islands, Puerto Rico, North Carolina and South Carolina have been repaired with approximately $1.7 million of Real Property Maintenance funds using both contracted repair and troop labor.

For the U.S. Army Reserve—U.S. Forces Command has used operations and maintenance funding to repair storm damage in the following amounts: Fort Buchanan, Puerto Rico—$265,000; Fort Bragg, North Carolina—$24,000; Fort Jackson, South Carolina—$102,000.

The other Reserve components did not have storm damage.

DESIGN STATUS

Question. Do all projects requested for fiscal year 1991 meet the 65 percent design requirement?

Answer. Twelve projects do not meet the 65 percent design requirement.

Question. Did any of the Reserve components request a waiver of this requirement? If so, which components requested waivers for which specific projects, and with what result?

Answer. The components requested and were granted waivers for all twelve projects as follows:

Location	Project
Air National Guard: Kulis ANGB, AK	Fire Suppression System.
Naval Reserve:	
Willow Grove, PA	GSE facility.
Houston, TX	Reserve center addition.
Air Force Reserve:	
Maxwell AFB, AL	Survival equip/life support shop.
Lowry AFB, CO	Civil engineering training facility.
Eglin AFB, Aux3, FL	Medical training facility.
Homestead AFB, FL	Add fire protection, hangar.
O'Hare ARFF, IL	Security police operations facility.
Selfridge ANGB, MI	Aerial port training facility.
Willow Grove AFR, PA	Medical training facility.
Bergstrom AFB, TX	Add/alter maintenance shops.
McChord AFB, WA	Squadron operations facility.

Question. How big is the current backlog of projects that have met the 65 percent design requirement, but have not been included in the budget, by component?

Answer.

Component:	*Millions*
Army National Guard	$57
Air National Guard	82
U.S. Army Reserve	130
Naval and Marine Corps Reserve	8
U.S. Air Force Reserve	3

PROJECTS NOT YET AWARDED

Question. Provide for the record a list of fiscal years 1987, 1988 and 1989 projects which have not been awarded. Please include both major and specified minor construction projects, and include the current working estimate.

Answer. The following projects have not been awarded ($000):

Fiscal year and location	Project	Current working estimate
Army National Guard:		
1989—Atlanta, GA	Armory	$3,210
1989—Grants, NM	Armory	2,029
1989—Santa Rosa, NM	Armory	1,388
1989—Tucumcari, NM	Armory	1,299
1989—Arlington, VA	ARNG Center	21,900
1989—Buckhannon, WV	USPFO Office	1,822
Air National Guard:		
1988—Gen Mitchell Fld, WI	Alert Aircraft Parking Complex	4,500
1989—Hulman, IN	Alter Hangar, General Purpose Shop	900
1989—Selfridge, MI	Alter Jet Fuel Ops Storage	1,200
U.S. Army Reserve:		
1988—Fort Totten, NY	Add/Alt Reserve Center	6,902
1988—Uniontown, PA	Kitchen	230
Naval and Marine Corps Reserve:		
1987—Beaver Co., PA	Perm Drill Site	400
1987—Granite City, IL	Perm Drill Site	400
1987—Fort Belvoir, VA	OPS Storage Facility	250
Air Force Reserve:		
1989—Carswell AFB, TX	Munitions Storage	310
1989—Andrews AFB, MD	Aerial Port Facility	360
1989—Portland IAP, OR	Civil Engr Training	750
1989—Mather AFB, CA	Medical Training	850

Question. Please describe for us any noteworthy problems you may have encountered at those sites where projects have not yet been executed.

Answer. The Army National Guard has two noteworthy problems that have caused delay in executing the authorized projects:

The Atlanta, GA, Armory project has been delayed pending final actions to transfer ownership of the property.

Congress added $325,000 in FY 89 for the Buckhannon, WV, offices of the USPFO. The amount added was not enough for the project scope. Congress added $1,500,000 in FY 90 to cover the shortage. Congress will be requested to permit the Army National Guard to incorporate FY 89 funds ($325,000) with the FY 90 appropriated funds ($1,500,000) so that the full scope of the required building can be executed. For the Air National Guard—the low bid for all three projects exceeded, by far, the programmed amount. Modification to the designs were made and the three projects will be rebid once the MILCON moratorium is lifted.

Siting problems associated with the complex being located over a former landfill area initially delayed the execution of the Billy Mitchell Alert Complex.

The high bid for the Hulman Hangar Alteration was attributed to the high cost to remove the asbestos.

The high bid for the Selfridge Jet Fuel Storage alteration was attributed to lack of competition, i.e., only one bidder and an inaccurate cost estimate.

The Army Reserve Fort Totten project will require a reprogramming to accommodate the latest cost estimate. The Army staff is working on it.

VALUE OF CURRENT FACILITIES

Question. What is the value of the current physical plant for each of the Reserve components, and the number and average age of facilities?

Answer.

[Dollar amounts in billions]

Component	Plant value	Number of facilities	Average age
Army National Guard	$9.2	21,970	32
Air National Guard	11.0	4,800	29
U.S. Army Reserve	3.6	2,184	29
U.S. Air Force Reserve	2.3	697	30
Naval and Marine Corps Reserve	2.8	2,035	39

FUNDED POSITION

Question. What is the current funded position for each Reserve component for major construction?

Answer. The following amounts reflect the difference between current working estimates and available funds as a cumulative amount from FY 86 through FY 89. These funds are needed to cover unforeseen contingencies for work in progress.

Component:	*Millions*
Army National Guard	6.0
Air National Guard	(2.0)
U.S. Army Reserve	.2
U.S. Air Force Reserve	.5
Naval and Marine Corps Reserve	5.7

Only a few bids were opened for FY 90 so it is too soon to project any changes to the funding picture. We do expect the moratorium on contract awards to increase project costs.

PROJECTS NO LONGER REQUIRED

Question. Are there any projects requested in the budget that cannot or will not be put under contract in fiscal year 1991, due to base closure, force structure changes, or other reasons? If so, please provide a list of such projects.

Answer. One project is affected by the closure and realignment studies, the Fire Station Addition at South Weymouth NAS, Massachusetts.

MORATORIUM ON CONTRACT AWARDS

Question. Please submit for the record a list of any exemptions you have requested to date from the Secretary's moratorium on contract awards, and the disposition of those requests.

Answer. Exemptions requested for the Army National Guard and current disposition are as follows:

Waiver approved for Hurricane Hugo reconstruction:		
St. Croix, VI	Aircraft maintenance shelter	$100,000
St. Croix, VI	Logistical warehouse	75,000
St. Croix, VI	Combined spt. maintenance shop	200,000
St. Croix, VI	Administration buildings	300,000
Waiver approved because of bid and option expirations:		
St. Thomas, VI	Armory	3,742,000
St. Thomas, VI	Organizational maintenance shop	498,000
Grants, NM	Armory	800,000
Santa Rosa, NM	Armory	800,000
Tucumcari, NM	Armory	807,000
Requests not approved:		
Noorvik, AL	Scout Armory	267,000
Tununak, AL	Scout Armory	267,000
Fort Wainwright, AL	Scout Armory	267,000
Showlow, AZ	Organizational maintenance shop	500,000

The Air National Guard was instructed to submit a request for exemption from the moratorium only projects associated with conversion, beddown or other exigent factors which may degrade the mission. The following projects were selected for completion of design, and invitation for bids (construction contracts not to be awarded prior to 30 April 1990). The request is still being staffed in the Air Force.

[In thousands of dollars]

Base	Project	Cost
Eielson AFB, AK	Alter Sq Ops	$2,300
Fort Huachuca, AZ	Composite Deployment Facility	2,350
Channel Island, CA	Jet Fuel Storage	3,100
Channel Island, CA	Fuel Cell/Corrosion Control	3,800
Fresno, CA	Avionics Shop	1,100
Buckley ANGB, CO	Composite Training	7,700
Buckley ANGB, CO	Squadron Ops Facility	1,600
Dobbins AFB, GA	Munitions Maintenance	2,400
Dobbins AFB, GA	Weapons Release	1,200
Hickam AFB, HI	Alter Engine Shop	570
Hickam AFB, HI	Apron Addition	3,300
Sioux City, IA	Add Weapons Release	390
Boise, ID	Add/Alter Vehicle Maintenance	1,450
Peoria, IL	Support Equipment Shop	950
Peoria, IL	Jet Fuel Storage	2,800
Peoria, IL	Base Supply Warehouse	2,600

[In thousands of dollars]

Base	Project	Cost
Fort Wayne, IN	Munitions Maintenance Shop	1,950
Hulman Field, IN	Add/Alter Base Supply	1,750
McConnell AFB, KS	Arm/Disarm Pad	520
Hammond, LA	Comm/Elect Facility	650
New Orleans, LA	Power Check Pad	900
Fort Devens, MA	Comm/Elect Training	7,100
Otis ANGB, MA	Add/Alter Munitions Shop	2,700
Bangor ANGB, ME	Aircraft Arresting System	760
Selfridge ANGB, MI	Add/Alter Avionics	1,750
Selfridge ANGB, MI	Power Check Pad	700
Selfridge ANGB, MI	Add to Munitions	1,050
Selfridge ANGB, MI	Ammo Igloos	700
Duluth, MN	Power Check Pad	750
Duluth, MN	Add/Alter Munitions	720
Lambert-St Louis, MO	Add/Alter Weapons Release	1,150
Rosecrans, MO	Avionics Facility	680
Thompson Field, MS	Add/Alter Base Supply	2,000
Hector Field, ND	Alter Avionics Shop	550
Pease AFB, NH	Add/Alter Aircraft Maintenance	1,600
Pease AFB, NH	Alter Fuel Cell/Corr Control	1,200
Pease AFB, NH	Alter Avionics, NDI & SP	1,600
McGuire AFB, NJ	Alter Avionics	1,200
Hancock Field, NY	Alter Maintenance Hangar	2,000
Hancock Field, NY	Add/Alter Munitions Complex	1,250
Niagara Falls, NY	POL Ops/Refueling	520
Niagara Falls, NY	Engine Shop	1,600
Niagara Falls, NY	Power Check Pad	750
Stewart, NY	Aerial Port Training	2,100
Reno, NV	Add to Avionics	600
Kingsley Field, OR	Power Check Pad	760
Kingsley Field, OR	Alert Crew Quarters	550
Portland, OR	Add/Alter Fuel System Maint	1,200
Willow Grove, PA	Add/Alter Maintenance Shops	3,000
Willow Grove, PA	Weapons Release Shop	1,800
Willow Grove, PA	Power Check Pad	700
Willow Grove, PA	Munitions Maintenance	2,000
Willow Grove, PA	Upgrade Electrical	2,800
Willow Grove, PA	Upgrade Maintenance Shops	270
Joe Foss Field, SD	Organizational Maintenance	350
Memphis, TN	Apron/POL System	11,800
Memphis, TN	Add/Alter Hangar	4,900
McGhee-Tyson, TN	Medical Training/Dining Hall	3,400
McGhee-Tyson, TN	PMEC Support Facility	4,200
Ellington ANGB, TX	Alter Base Supply Warehouse	460
Ellington ANGB, TX	Avionics	1,550
Sheppard, TX	Aerial Port Training	1,050
Camp Pendleton, VA	Site Development	760
Richmond, VA	Add/Alter Engine Shop	850
Burlington, VT	Munitions Maintenance	3,250
Burlington, VT	Alert Shelters	3,550
EWVRA, WV	Jet Fuel Storage	3,300
Total		130,910

The Army Reserve requested and was granted exceptions for three land acquisitions at Waynesboro, North Carolina; North Canton, Ohio; and Raleigh-Durham, North Carolina.

The Naval Reserve has recently requested an exception for land acquisition at Green Bay, Wisconsin. No reply has been received yet.

Question. Is it correct that the Secretary's moratorium may have a significant impact on your fiscal year 1992 program, by delaying design? Will you need to waive the 65 percent design requirement?

Answer. A Deputy Secretary of Defense Memorandum of March 21, 1990 provides a blanket exception for the design of FY 92 projects. Meanwhile, all Reserve components have experienced some delay as a result of the moratorium. Many of the FY 92 projects will not meet the 65 percent design goal and waivers will be required.

Question. Is the moratorium going to cause problems in program execution? For example, would you expect that the moratorium might be reflected in the number of bidders and quality of bids?

Answer. Project execution will be delayed especially for the congressionally added projects with late design starts. A large majority of the FY 90 projects are fully designed and had been authorized for advertising prior to the January 24, 1990 moratorium. Historically, we have received the most bids per project when bids are opened in the second quarter. The moratorium will delay most bid openings to the third and fourth quarter. Therefore, we expect to receive fewer bids. With less competition, bids will likely be higher.

NATIONAL GUARD CENTER

Question. Please bring us up to date with the current status of the National Guard Center.

Answer. Three contracts have been awarded. The first, a small demolition and fencing contract, was awarded during the first quarter of FY 89 and completed in the second quarter. The second, a partial foundation contract, was awarded in the fourth quarter of FY 89 and will be completed next month. An asbestos abatement contract was awarded in the first quarter of FY 90 to remove asbestos from one of the existing buildings and that will be completed in June. A contract to demolish that building is scheduled to be awarded in June which will take approximately 60 days to execute. The final contract for the entire project is scheduled to be awarded in September 1990.

PRINCE GEORGES COUNTY, MARYLAND

Question. What is the current status of the armory for Prince Georges County, Maryland?

Answer. The transfer of land is complete. The Adjutant General of Maryland has been authorized, under exemption to the Military Construction Moratorium dated March 21, 1990, to contract for the design of the armory and the support facilities complex required for the 629th MI battalion. The Maryland Army National Guard is taking all actions necessary so that the award will not be delayed. It is anticipated that authorization will be requested in our fiscal year 1992 Budget request. Estimated Federal cost is $4,959,000.

BUTLER COUNTY, PENNSYLVANIA

Question. What is the current status of the armory project for Connoquenessing township, in Butler County, Pennsylvania?

Answer. The Adjutant General of Pennsylvania has been authorized to contract for the design of the armory. Because of the moratorium on military construction, the design contract has been delayed. Estimated Federal cost is $2,223,000.

RANGES AND STORAGE BUILDINGS

Question. Please provide for the record a list, by location, of the indoor firing ranges and armory storage building that are included in the Army National Guard's budget request.

Answer. Indoor Range Rehabilitation:

The FY 89 Army National Guard indoor range rehabilitation projects were provided by the States prioritized listing. Our budget request contains numbers 1 and 2 priority projects with an estimated average cost of $60,000 each at 83 locations. The original estimated cost has increased to an average of $115,000 per project, therefore 18 authorized projects with an estimated cost of $2,070,000, in 12 states cannot be funded under the $5,000,000 added to the FY 89 MILCON program. The unfunded projects will be executed with FY 91 indoor range rehabilitation funds requested at $2,200,000. All indoor range rehabilitation projects will continue to be based upon the priority assigned by the States.

Alaska	Kotzebue.
Arizona	Marana and Phoenix.
District of Columbia	Anacostia Naval Station.
Georgia	Savannah and Valdosta.
Iowa	Mount Pleasant.
Louisiana	Camp Beauregard and Jackson Barracks.
Michigan	Detroit.
Montana	Culbertson and Missoula.
New York	Ticonderoga.
Pennsylvania	Pittsburgh and West Pittston.
South Dakota	Brookings.
Washington	Colville and Ellensburg.

Armory Unit Storage Building:

Eleven States have identified 62 armory unit storage buildings with an estimated cost of over $6,000,000 in their respective long range construction priorities. Priority determination will be given to any state which has not constructed storage buildings under previous programs. FY 91 has only $1.4 million available for this program. None of the identified projects are designed at this time, therefore the exact locations have not been identified in the following states:

States	No. per site	Cost (thousands)
Alabama	22	$636
Arizona	1	50
Florida	1	168
Indiana	4	252
Maine	1	160
New Jersey	9	1,401
New York	11	1,705
Puerto Rico	1	225
Rhode Island	4	309
Washington	1	578

States	No. per site	Cost (thousands)
Wisconsin	7	569
Total	62	6,053

MISSISSIPPI LAND TRANSFER

Question. General Navas, please bring us up to date with the details of any proposals to acquire land in the State of Mississippi.

Answer. The proposed ARNG land acquisition at Camp McCain is currently being pursued and the Mobile District, Corps of Engineers is preparing the Real Estate Planning Report for purchase with the $4 million FY 90 add-on funds.

The proposed ARNG land acquisition at Camp Shelby is currently on hold pending finalization of the environmental impact statement.

Question. In particular, what is the current status of proposals to acquire U.S Forest Service land at Camp Shelby?

Answer. The Army National Guard has directed the Mobile District, Corps of Engineers to do an environmental impact statement (EIS) for the proposed land exchange at Camp Shelby which is currently on hold pending the finalization and submission on the EIS.

BARNES ANGB, MASSACHUSETTS

Question. What is the status of the Jet Fuel Storage project at Barnes Air National Guard Base, Massachusetts?

Answer. The Jet Fuel Storage project at Barnes, Massachusetts is currently authorized for design. A design contract has been negotiated, but due to the SECDEF moratorium that contract has not been awarded. We feel that with the lifting of the moratorium the project will be 100% designed by 30 September 1990.

UNDERGROUND TANKS

Question. Describe the EPA's regulation of underground fuel tanks—how big a problem is it for you, and how are you going to address it?

Answer. The EPA promulgated final rules on September 23, 1988, which established a comprehensive regulatory program for underground storage tanks (USTs) containing petroleum and other hazardous substances as defined under the Comprehensive Environmental Response Compensation and Liability Act (CERCLA). The new UST regulations set some important deadlines for installing leak detection, corrosion protection and spill and overfill prevention on existing USTs with the full compliance date being December 1988. In addition, many states have regulations already in place which are more stringent than those promulgated by the EPA. Compliance with the most stringent is mandatory.

The Air National Guard has the largest inventory of storage tanks and many large aviation fuel farms. Their approach to correcting this situation is to replace in excess of 3,000 existing underground single walled tanks with above ground tanks where possible and with double wall tanks where space does not permit above ground installations. A large majority of the Air National Guard USTs are over 20 years old.

The Air National Guard developed a program to gain compliance by replacing the underground tanks over a 6-year period. The estimated cost for the program is approximately $350 million. However, funding has not yet been identified.

The cost to upgrade 4100 Army National Guard tanks is estimated at over $153 million. They plan to spend $18 million in FY 90 to administer and operate the underground storage tank program, then compliance program, the installation restoration program and the training of Army National Guard environmental personnel.

The Naval Reserve has scoped their problem at $6.3 million to replace 311 tanks at 56 locations.

The Army, Naval and Air Force Reserves plan to meet the new requirements by funding replacement tanks and system upgrades with operations and maintenance funds.

PITTSBURGH, PENNSYLVANIA

Question. What information can you provide on the current status of the access road project at the Greater Pittsburgh, Pennsylvania International Airport, and of the proposed Southern Expressway?

Answer. The contract for construction of the Greater Pittsburgh International Airport Access Road was awarded on February 8, 1990. Construction started in March and completion is scheduled for May 1991.

We have no formal information on the current status of the Southern Expressway. The Air National Guard base informally reports that the project design is progressing expeditiously and the construction of some segments may start in the Fall of 1990.

Question. The original fiscal year 1991 President's budget included $5 million for the fourth and final funding increment for this project, as intended by this Committee and Congress. Was the project deleted by the Air Force Reserve or by OSD?

Answer. The fourth and final $5 million increment was deleted by OSD during development of the President's budget.

MC CHORD AFB, WASHINGTON

Question. The Squad Operations Facility at McChord AFB, Washington, is a conjunctively-funded project, with $1,150,000 from the Base Closure account and $1,500,000 from the MILCON Account. Why was it funded this way, rather than in one account, and how did you determine the ratio?

Answer. The Squadron Operations Facility proposed for McChord AFB is proposed for conjunctive funding because it will both satisfy an existing facility deficiency for a C-141B Associate flying squadron already located at McChord AFB and provide a facility for the beddown of a C-141B associate flying squadron being relocated from Norton AFB as a result of base closure. The Air Force Reserve Military Construction Account funded the full cost of a facility capable of supporting one squadron and the Base Closure Military Construction Account funded the incremental cost necessary to support a second flying squadron.

[CLERK'S NOTE.—End of questions submitted by Chairman Hefner.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Alexander.]

WEST MEMPHIS, ARKANSAS

Question. Site selection has been made for a new Reserve Center at West Memphis, Arkansas.

a. What is the status of the design for this project?

b. What is the current estimated cost of this project?

c. When do you expect to request funding for this project?

Answer.

a. The design is currently 66 percent complete.

b. The current estimated cost is $2,611,000.

c. Funding will be requested in fiscal year 1994.

BLYTHEVILLE, ARKANSAS

Question. It is my understanding that a determination has been made that a new Reserve Center is needed at Blytheville, Arkansas.

a. Has a site been selected for this project?

b. What is the status of the design?

c. What is the current estimated cost of the project?

d. When do you expect to request funding for this project?

Answer.

a. The selected site is eight acres on Eaker AFB, Blytheville.

b. The design is currently 1 percent complete.

c. The current estimated cost is $1,490,000.

d. Funding will be requested in fiscal year 1994.

[CLERK'S NOTE.—End of questions submitted for the record by Congressman Alexander.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Kolbe.]

LIBBY ARMY AIRFIELD, FORT HUACHUCA, ARIZONA

Question. General Shepperd, you were in my office recently to talk to me about the problems with Libby Army Airfield at Ft. Huachuca and the Air Guard's involvement in the fix of that runway. Can you tell me if anything new has happened in the last few weeks?

Answer. We have recommended the USP&FO to take legal action against the Architect and Engineer firm that designed the project.

Question. Will the Army pay for any portion of a repair or reconstruction of that runway?

Answer. The Army will pay for the upkeep to assure the runway remains operational.

Question. When can we expect to see a funding request from you for this project?

Answer. A funding request may be submitted at a later date when the legal process has moved further along.

Question. Have you had to further curtail flight operations on the runway?

Answer. No further flight operations have been curtailed.

CIVIL ENGINEERING TRAINING, DAVIS MONTHAN AFB, ARIZONA

Question. I see you have a request for $900,000 for a civil engineering training facility at Davis Monthan AFB. What exactly are you training civil engineering to do?

Answer. The proposed Civil Engineering Training Facility at Davis Monthan AFB provides training, mobility equipment storage, and administrative space needed by the Air Force Reserve's 923rd Civil Engineering Squadron (923CES). The 923rd is a 124 person organization tasked to provide mobile combat support engineers and firefighters capable of rapidly deploying to theater/contingency locations to erect, operate, sustain, and recover after attack those airbases necessary to sustain operations by Air Force weapon systems in a combat environment. In addition to individual engineer skill training, 923CES personnel receive training in Rapid Runway Repair, aircraft arresting barrier installation, water purification unit operation, power generator operation, and crash/rescue procedures.

Question. Is this a new mission for Davis Monthan?

Answer. The 923rd Civil Engineering Squadron (923CES) is not a new mission for the Air Force Reserve at Davis Monthan AFB. The 923rd was activated in 1985 to meet Air Force wartime engineer support requirements.

PHOENIX, ARIZONA

Question. You have requested $3.5 million altogether for two projects in Phoenix to set up a Property and Fiscal Office. Will this facility serve only Arizona or is it a regional facility?

Answer. The U.S. Property and Fiscal Officer (USPFO) is responsible for all government property (issued or returned) and all Federal fiscal transactions for the Arizona Army and Air National Guard. An office and a warehouse for the USPFO and his staff to perform these missions are authorized each state based upon total authorized troop strength. The requested facility will service only the Arizona National Guard missions.

Question. Will this facility generate greater civilian employment by the Guard in Phoenix?

Answer. The proposed USPFO facility will not increase civilian employment above the current authorized manning level.

[CLERK'S NOTE.—End of questions submitted by Congressman Kolbe.]

WEDNESDAY, MARCH 14, 1990.

FISCAL YEAR 1991 DEFENSE AGENCIES MILITARY CONSTRUCTION PROGRAMS

WITNESSES

DR. ENRIQUE MENDEZ, JR., ASSISTANT SECRETARY OF DEFENSE [HEALTH AFFAIRS]

GORDON K. DOWERY, DIRECTOR, DEFENSE MEDICAL FACILITIES OFFICE

STATEMENT OF THE CHAIRMAN

Mr. HEFNER. The committee will come to order.

Today we will hear testimony in two areas. We will begin with the Department's medical program, and then we will move on to the plans for renovating the Pentagon complex.

First we would like to welcome Dr. Mendez, the Assistant Secretary for Health Affairs, and Mr. Gordon Dowery, Director of the Defense Medical Facilities Office.

Doctor, it is good to see you again. Your entire statement will be part of the record and you can proceed any way you see fit.

STATEMENT OF DR. MENDEZ

Dr. MENDEZ. I thank you for this opportunity to present the Department of Defense medical construction program, sir. The budget requests appropriations of $295.5 million for medical construction projects in fiscal year '91. This represents $138.7 million for 11 Army projects, $78.8 million for nine Navy projects, and $78 million for seven Air Force projects.

This is the fourth consecutive year for which the Department has submitted a consolidated medical construction budget based on DOD-wide priorities. The subcommittee has received details on each of the 27 projects contained in our total request, sir, and I will provide any additional information sought by you on these medical construction projects.

I would also like to comment briefly on the subject of base closure. Medical facilities impacted by the base realignment and closure actions that were approved in 1989 are projected to close according to schedule, and that has an effect on six hospitals, four medical clinics and six dental clinics, and one hospital which has a reduction type of status.

In general, base closure has affected less than 4 percent of the operating beds within the military health care system and less than 7 percent of the expansion beds that are available for contingency purposes. Cost effective managed care solutions will be pursued in those areas where there remain significant numbers of beneficiaries following the closures of a military treatment facility.

Mr. Chairman, this has been a hasty summary of my prepared statement which I ask be inserted in its entirety into the record, and this concludes my summary of the highlights of the Department's fiscal year 1991 request for medical construction.

There is a great deal of fluidity in the world situation, in addition to our own fiscal environment, that may result in future changes to this program, and it stands as a testament to our commitment to provide high quality health care to the men and the women of the armed forces.

I welcome your questions on any aspect of this that you wish.

[The prepared statement of Dr. Mendez follows:]

FY 1991 DEFENSE MEDICAL MILITARY CONSTRUCTION PROGRAM

STATEMENT OF

DR. ENRIQUE MENDEZ

ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

BEFORE THE

Subcommittee on Military Construction
Committee on Appropriations
United States House of Representatives
101st Congress

March 14, 1990

Not for Publication
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U.S. House of Representatives

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to present the Department of Defense medical construction program for Fiscal Year 1991.

This budget requests appropriations of $295.5 million for medical construction projects in Fiscal Year 1991.

This represents $138.7 million for 11 Army projects, $78.8 million for 9 Navy projects and $78.0 million for 7 Air Force projects.

This is the fourth consecutive year for which the Department has submitted a consolidated medical construction budget based on DoD-wide priorities, which are:

First, medical facilities in direct support of contingency operations;

Second, medical facilities in overseas locations where no alternative to military health care exists;

Third, facilities in medically underserved areas in the Continental United States;

Fourth, medical teaching centers;

Fifth, facilities for medical support of operational bases within the Continental United States;

And sixth, facilities for medical support of operational training bases, again, within the Continental United States.

A list of the projects in this request by category is attached to my statement.

Historically, construction or replacement of facilities to support contingency operations has been the Department's highest priority. With the help of this Committee, the medical readiness problems of past years are largely solved. This year's budget reflects the accomplishment of those goals. $11.5 million, less than five percent of our request, is for projects to preposition medical readiness assets; and we request no projects to support new operational missions.

$62.2 million, or 21% of this year's request is to correct serious deficiencies in medical facilities located outside of the Continental United States, where satisfactory alternative sources of health care are not available for U.S. military personnel and their families. Among a total of eight such projects, the largest is replacement of the U.S. Army Hospital at Vicenza, Italy, at a cost of $28 million. The second largest is replacement of the hospital and dental clinic at Kunsan Air Base in the Republic of Korea, at a projected cost of $14,400,000.

Construction of two major medical centers constitutes the largest portion of our budget request for Fiscal Year 1991. Of the $123.2 million needed at 4 teaching centers, $77 million is requested for the fourth phase of replacing the aged Brooke Army Medical Center at Fort Sam Houston, Texas. This project has a long and complex history, and I am pleased to oversee its successful completion. We also request $40 million for the urgently needed replacement of the Naval Hospital at Portsmouth, Virginia, where, even today, the infant sons and daughters of our military personnel are being born in an 1824 structure which served as a Civil War hospital.

Those projects which we categorize as supporting medical education represent 42 percent of the total budget request. They are no less a factor in ensuring the medical readiness of the armed forces than contingency locations abroad.

The budget before you requests $63.9 million for projects to correct serious deficiencies at medical and dental facilities which support military personnel at locations with operational missions within the Continental United States. In most cases, these deficiencies pose a threat to safety and to accreditation by the Joint Commission on Accreditation of Healthcare Organizations. This portion of the budget represents 22 percent of the total Fiscal Year 1991 request. The largest of the four projects is $56 million for DoD's share of a medical facility at Nellis Air Force Base in Las Vegas, Nevada, which Defense and the Department of Veterans Affairs will jointly operate and fund.

Finally, our FY 1991 budget requests $10.4 million for completion of a 157-bed hospital at Fort Sill, Oklahoma.

The Subcommittee has received details on each of the 27 projects contained in our total request. I will provide any additional information sought by you on these important medical construction projects.

I would also like to comment on several issues of special concern to this Subcommittee.

Base Realignment and Closure

Medical facilities impacted by the Base Realignment and Closure actions approved in 1989 will close according to schedule. These include six hospitals, 4 medical clinics, 6 dental clinics and 1 hospital which will be reduced to semi-active status. My office is completing an assessment of the medical impact of these actions, which will be reported to this Subcommittee by mid-April. In general, base closure has affected less than 4% of the operating beds within the military health care system, and less than 7% of the expansion beds available for contingency purposes. I foresee no adverse impact on the medical readiness posture of the Armed Forces as a result.

The impact on graduate medical education is greatest on the Army with the closure of Letterman Army Medical Center, at the Presidio of San Francisco, California. However, plans are being made to relocate these valuable teaching programs to other medical centers, including a new medical center at Ft. Bragg.

Cost-effective managed care solutions will be pursued in those areas where significant numbers of beneficiaries will remain following the closure of a military treatment facility.

In January, 1990, Secretary of Defense Dick Cheney issued a new list of facilities to be studied for closure.

Department of Defense/Department of Veterans Affairs Joint Ventures in Medical Construction

The Department of Defense and the Department of Veterans Affairs continue to work closely to develop joint ventures in medical construction. I strongly endorse these efforts. Six construction sharing agreements are now underway, in: Albuquerque, New Mexico; Las Vegas, Nevada; Anchorage, Alaska; East Central Florida; Tucson, Arizona; and Philadelphia, Pennsylvania.

Burden Sharing

The North Atlantic Treaty Organization has been supportive in supplying host nation funding for storage of medical readiness assets. The contingency project requested in this budget for RAF Lanark in the United Kingdom will receive the majority of its funds, $12.4 million, from the NATO infrastructure program.

Mr. Chairman, this concludes my summary of the highlights of the Department's Fiscal Year 1991 request for medical construction projects. The fluidity of the world situation, in addition to our own fiscal environment, may result in future changes to this program. It stands as a testament to our commitment to provide high quality health care to the men and women of the armed forces, wherever they may be. I welcome your questions on any aspect of the budget before you.

Thank you.

Attachment

Fiscal Year 1991 Military Construction Program

Priority	FY 1991 Request	%of Total
1. Medical Contingency	$ 11,500,000	4%
Cheatham Annex, VA	6,500,000	
RAF Lanark, U.K.	3,900,000	
Aviano AB, Italy	1,100,000	
	$ 11,500,000	
2. Overseas	$ 62,220,000	21%
Rhein Mein, Germany	870,000	
Camp Casey, Korea	1,000,000	
Kunsan AB, Korea	14,400,000	
Geissen, Germany	5,000,000	
Nuernburg, Germany	5,800,000	
Vicenza, Italy	28,000,000	
Edzell, U.K.	5,400,000	
Sinop, Turkey	1,750,000	
	$ 62,220,000	
3. Underserved	-0-	-0-
4. Medical Education	$ 123,250,000	42%
Brooke Army	77,000,000	
Wilford Hall	2,250,000	
Walter Reed	4,000,000	
Portsmouth Navy	40,000,000	
	$ 123,250,000	
5. Operational	$ 63,850,000	22%
Camp Pendleton, CA	1,750,000	
Macdill AFB, Fla.	2,900,000	
Camp Lejeune, N.C.	3,200,000	
Nellis AFB, Nevada	56,000,000	
	$ 63,850,000	

Priority	FY 1991 Request	% of Total
6. Training	$ 22,600,000	7%
Quantico, Va	2,450,000	
Ft. Benning, GA	2,000,000	
Ft. Riley, KS	1,050,000	
Dam Neck, VA	4,050,000	
Ft. Lee, VA	2,650,000	
Ft. Sill, OK	10,400,000	
	$ 22,600,000	
7. Other	$ 12,100,000	4%
Altus AFB, OK	500,000	
Naval Shipyard, Philadelphia, PA.	11,600,000	
	$ 12,100,000	
TOTAL FY 1991 Request	$ 295,520,000	

Mr. HEFNER. Do you have a statement, Mr. Dowery?

Mr. DOWERY. No, sir.

COMMENT ON QUALITY OF LIFE

Mr. HEFNER. I think the record of this committee is very good. We have always supported medical facilities for our military personnel. From time to time we have had disagreements with our colleagues on the authorizing committee, but we have always done our best to support your program. We do that because we believe that is one of the best things we can do to improve the quality of life and retention in the service.

BASE CLOSURE II

On base closure, on the latest list of candidates that we have, did Secretary Cheney or the services ask for your views on the list of candidates when the next round of base closures was being developed last January?

Dr. MENDEZ. No, sir.

FORT BRAGG, NORTH CAROLINA

Mr. HEFNER. That's a good enough answer. I have, I guess, somewhat of a parochial issue in the Fort Bragg project for the replacement hospital. Is this project still on track for June? I think in your statement you mentioned Fort Bragg for a June award of the planning and design contract.

Dr. MENDEZ. Yes, sir, it is still on track.

Mr. HEFNER. Okay. I have some other questions, but I will come back. I will let Mr. Coleman go ahead.

DEPARTMENT OF VETERANS ADMINISTRATION-DEPARTMENT OF DEFENSE JOINT USE PROGRAMS

Mr. COLEMAN. Thank you, Mr. Chairman. The main question I had concerned your VA-Department of Defense joint use programs, and I'm wondering about how those may have been affected by the base closure act as well as the candidate list.

Have any of those projects been adversely affected as a result of base closure?

Dr. MENDEZ. I think that most of those programs will continue. There is a possible effect on the second round that speaks to the projection of the utilization of 60 beds of the VA hospital in Philadelphia, sir.

Mr. COLEMAN. So that might be adversely affected, that joint use concept?

Dr. MENDEZ. Yes, sir, but that hasn't totally been finalized in terms of the final effect.

Mr. COLEMAN. Mr. Secretary, how has that been going, this joint use concept—from your perspective, from your office? Has that been working all right? Are there other problems that we don't know about yet or that Congress is unaware of that we should know about?

Dr. MENDEZ. In my judgment it is going well, and I think that has other corollaries to it, sir, besides the construction side. Namely, the utilization as far as the common use of consultants, for instance, the use of equipment when equipment is present in one place and not present in the other, so that the opportunity for joint utilization as well as the matter of construction is very decidedly there. I favor that, as a matter of fact, in terms of utilization.

Mr. COLEMAN: The Veterans Administration has awarded a contract for design at William Beaumont Army Medical Center near Fort Bliss for development of a new wing to be located at William Beaumont. It is called a cost sharing even though the VA is going to be the agency to do the construction, and the one, as I say, that will award the contract for design and development.

But in the memorandum of understanding between the Army and VA, the Army is going to pay for such things as medical equipment and, again, some of the ADP capability. I wanted to ask you a little bit about that data processing capability.

Where are we with respect to that? I understand that Congress imposed a cap on that. Maybe you could bring me up to date on that issue.

Mr. DOWERY. I guess, sir, that agreement for the Army's portion of the VA clinical building is an issue for the Army, and we have no direct information on the equipment that they are going to provide or the dollars that they expect to spend.

Mr. COLEMAN. From the Army?

Mr. DOWERY. From the Army, yes, sir. It is not a part of our military construction program.

Mr. COLEMAN. So in other words, the Army is just going to come to you and let you know that amount?

Mr. DOWERY. Yes, sir. They will tell us what they plan to spend, but it is an O&M expense to them, it is their operating budget expense for equipment.

Mr. COLEMAN. Well, I say that, because the requirement is about to increase substantially, for example, at William Beaumont. In fact, I maintain it is increasing all the time. One of the problems I have with the administration and others who say, "Well, you can freeze things," is that that's not in the real world. We don't freeze population, we don't freeze a lot of things. It just doesn't seem to all work out that way. When you increase population you increase requirements. Inflation is running rampant in this country and nobody is paying any attention to it, because they compare it to the '70s. If we compared it to the time of Richard Nixon's presidency, we would be in wage and price controls at this stage.

So we have a lot of additional costs, and what I am saying is that we are not recognizing that. We are already out of money for that ADP capability and we are only halfway through the fiscal year. And that is from last year's money, not to mention next year's, which many of us don't happen to believe is going to be as readily available for certain of these programs. I am really hoping that with respect to health care issues as they relate to the military and our veterans, that we all agree we are going to take on seriously. Go to the Army and let's find out, if you would, what they think. And if they don't give you a satisfactory answer, we will ask them.

Mr. DOWERY. All right, sir.

Mr. COLEMAN. I mean, I think the Appropriations Committee is the correct place for them to answer that question. I am very concerned about it. What I am saying is, we are increasing the job and we are already out of money halfway through this fiscal year. We aren't even talking about the request for the next fiscal year yet, because they haven't told us what they need, according to your office, and we need to know that. If we are not going to plan ahead then I maintain we are going to have ourselves some real problems. They need to give us some current estimates that will be required for the Department of Defense in terms of their total financial commitment to ADP in medical facilities.

I am using only one facility that I know of personally, and I can imagine that in some of the many other fine hospitals in the United States and overseas, that their problems couldn't be any different. I suspect in some cases they would be worse because they don't happen to have a member of Congress representing that particular hospital, as I do. All I am saying is that I just would think that we better get on this program and do it quickly.

Mr. DOWERY. Sure. As you are aware, there is the CHCS system, the Composite Health Care System. That is being funded in part by the Department and we will check the record to see if there are funds specifically identified for the William Beaumont project.

Mr. COLEMAN. I am just interested in that whole ADP issue, because I think either we are going to use it or not. Let's find out about Congress' cap, this silly deal that we do. We get sequester and we get all these other things that happen, but let's find out where we are on that issue. Once we stop funding the health care for our active duty personnel and our veterans, then I become concerned. In these joint use ones, we are combining them, which I like better because I think that makes each of them more powerful politically.

I think it is a great idea to combine them for a lot of reasons, not the least of which, as I say, is I think they are good politically. I think we will get more attention paid to this issue. And I really hope very much that we can do that, that we can pay attention to these issues. I get more veterans and more—I use the term "veterans" loosely, to mean military retirees, veterans, others. (I always try to eliminate the distinctions, I just call everybody that served a veteran," in a way.)

I get a lot of attention in my community to these issues, because we have a facility that is considered one of the best. And they don't just take care of the active duty military. On a space available basis, of course, the retirees are eligible, and then ultimately the civilian population is taken care of there in the trauma care units. I just suggest very strongly that for us to in any way diminish the capability of facilities for active duty personnel in terms of health care, and their families and dependents, I think is a travesty. We ought not to be condoning it in any way, shape or form. And I think we have got a lot of ability here to make sure that doesn't happen.

Mr. DOWERY. Good.

Dr. MENDEZ. Thanks.

Mr. COLEMAN. Thank you, Mr. Chairman.

Mr. HEFNER. We have a series of questions for the record, and I would like, if you could, if you would answer these as quickly as possible. I am anxious to have this information.

There was one other question I was going to ask you.

BROOKE ARMY MEDICAL CENTER, TEXAS

Mr. Coleman. Mr. Chairman, I had one on Brooke. It said you were requesting $77 million for the fourth phase of the hospital replacement at Fort Sam Houston, and the Army is requesting $13.4 million for a medical research laboratory. Are those two projects related?

Dr. Mendez. They are related in one way. Part of that $77 million that is being requested, approximately $3 million that is for the utilization of a clinical investigation division. That clinical investigation division will be co-located, sir, with the unit that is being set up in the surgical division; that is the $13 million for the research side.

Mr. Coleman. Which phase of the funding will build the Institute for Surgical Research.

Dr. Mendez. It is in the '91 Army program also.

Mr. Coleman. It is in the '91 program?

Dr. Mendez. Yes, sir.

Mr. Coleman. Thank you.

PORTSMOUTH NAVAL HOSPITAL, VIRGINIA

Mr. Hefner. The budget includes $40 million for the second phase of the Naval Hospital in Portsmouth, Virginia. Are there any problems with the historic preservation? Is that creating any problems? I know you got to tear down quarters B and C.

Dr. Mendez. There are problems. Those problems are principally with two sets of quarters that we would like to be maintained, and then the maintenance of two wing areas in the hospital. As a matter of fact, Mr. Hefner, they are in negotiations right now specifically on that.

Mr. Hefner. But you think that is not going to be an insurmountable problem?

Dr. Mendez. I certainly hope not. It is very hard to foretell the results of the negotiations, but they are occurring now and there is a question about it in terms of the ability to be able to preserve what they want preserved.

Mr. Hefner. Mr. DeLay.

Mr. DeLay. I have no questions, Mr. Chairman.

RECRUITMENT AND RETENTION OF HEALTH CARE PROFESSIONALS

Mr. Coleman. Let me ask then if I might, Mr. Chairman, about that "Project Restore." I asked Secretary Mayer last year a number of questions about the recruitment and retention of health care professionals in the military. Can you tell me something about the project, what its effects have have been, where we are headed on those kinds of issues? I am sure that that issue may not relate directly to you, but certainly it may have some effect on military construction issues.

Dr. Mendez. If you look at the statistics for the past five years, '85 through '89, you notice that the final statistics, both for ambulatory care and also for inpatient care, sees a decrement in the number of patients that are seen within the medical treatment facility system. If you comb, however, between the '88 to '89 time frame, you begin to see a turnabout in those in the number of patients seen.

Now, the number of inpatients continues to decrease, both on the CHAMPUS side and on the medical treatment facilities side. But that is true across the country. That is normally accompanied with an increase in ambulatory care. We have seen now between '88 to '89 an increase in ambulatory care on the medical treatment facility side.

Mr. COLEMAN. Let me get back to the concept though of the health care professionals. I want to know how your office relates to them and whether or not recruitment and retention is a priority in your office, whether or not your office plays a role in that.

Dr. MENDEZ. The answer is yes, sir. We play a role in that. We play a role two ways. We play a role in terms of the guidance that goes from us to the Services. We, through our Office of Professional Affairs and Quality Assurance, play a very definitive role in that, and we play a role also in the advice that goes from us intramurally within the Department of Defense, particularly with the Manpower and Personnel Office and with the Reserve Affairs Office.

Mr. COLEMAN. But how are we able to keep enough cardiologists, how are we able to keep enough radiologists?

Dr. MENDEZ. Well, the Congress indeed has been helpful with that. At the time of the establishment of the pay structure for physicians, which we have been able now to begin to see some retention differentials from what they had been in the past. Secondly, there were two specific initiatives that occurred in nursing this past year in an accession bonus and a specific bonus for nurse anesthetists that also I believe are going to be quite helpful.

Mr. COLEMAN. I know in the authorization bill last year we authorized a good deal of bonus pay that I think will help, certainly, but I also question, in terms of the military construction issues, whether or not we are doing the right thing.

Do we not cause some difficulties if in fact we close, helter-skelter, some of these hospitals. I call it helter-skelter because I am not yet convinced about Letterman, I haven't been convinced about Travis Air Force Base and some others. And I am just not so sure we are necessarily doing the right thing. I would hope that since you are a representative of the Secretary of Defense that perhaps if not at this hearing maybe at some future hearing we get the real low down on what is going on.

I don't understand, you know, the rationale behind each and every one of those closings, and it might be good for this committee to understand it. Again, I will use my hospital in my district as a local example. If in fact we go ahead with this design, which we are doing this year, and if we go ahead and construct the wing, then some year in the future we say, well, we are going to have to close this one because it is one of the candidates. You know, that is all we are hearing. I am just saying to you as a member of Congress, that is all I am hearing, these are the candidates.

That is all I am hearing, and I am on the Military Construction Subcommittee, for crying out loud, on appropriations. We should know where we are headed. Surely the Secretary of Defense, and the whole Department of Defense, has a plan about the direction we are headed. We don't need Letterman. We don't need Travis Air

Force Base. We don't need health care at those facilities, at least the kinds of health care at those facilities that we have at other places.

I need some direction about that, and I would hope that in terms of the health care issue you would take a real leadership role and get somebody in here and give us that kind of information, talk about where we are headed. I mean, I have said in this committee over and over that I am convinced that we are headed toward a health care crisis in America. Specifically as it relates to the military, I feel that it is our function and our duty to care about that. And we had better take care of it for people in the service. We ought to be taking care of it. And I think as a nation we ought to take care of our veterans, too.

So to me those are issues that we can have an effect on. I am not on the Ways and Means Committee to take care of America's civilian health care problems in the same way. I think we need to address them, all of us, as Americans, but because I am on this committee I think that I have a certain responsibility, one shared by all of my colleagues, to see to it that we do the very best we can for our military—active deputy and retired military and veterans.

It seems to me that we need some direction and we need you to bring somebody in here, and if it is Dick Cheney, fine. Whoever it is, let's bring somebody in here and let's talk about where we are headed. Because I get this horrible sense that we are directionless, although I hope I am wrong.

I am sure that somebody somewhere has been planning these stages all along because they understand the importance of health care just as we do, perhaps better than we do. I would sure like to see that direction.

Dr. MENDEZ. All right, sir.

Mr. COLEMAN. Thank you, Mr. Chairman.

Mr. HEFNER. I have no further questions. If you could please give us the responses for the record, we would certainly appreciate it. Glad to have you with us today.

Dr. MENDEZ. Thank you very much. I will be happy to do that. Thank you.

Mr. DOWERY. Thank you, sir.

[CLERK'S NOTE.—Questions for the record submitted-by Chairman Hefner.]

BASE CLOSURE II

Question. What are you doing to examine any problems that might occur with certain possible closures and realignments, and to inform the Services, the Secretary, and Congress about these problems?

Answer. We are currently studying the impact of Base Realignment and Closure II, concentrating on its implications for readiness, personnel, graduate medical education, and CHAMPUS. In performing these studies, we are working closely with the Services and they are undertaking their own analyses. We learned a great deal from Base Realignment and Closure I and hope to build on that experience as we address the issues associated with Base Realignment and Closure II. I will identify any significant problems to the Secretary of Defense and the Congress.

LEVEL OF EFFORT

Question. This year the budget request for medical facilities totals $342.5 million for individual projects, minor construction, and planning and design. How does this compare with the recent past, and is it sufficient to meet the need?

Answer. The FY 91 request as a whole, is not consistent with the requests of the last several years. First, minor construction and planning and design are similar to the FY 90 request. They represent a minimum level of effort required to execute the medical program each year. The amount requested for individual projects, however, is down significantly (−24.3%) over the FY 90 request. This reflects the overall downturn in Defense spending. Our physical plant is comprised of almost 1,200 facilities valued at $16 billion. They range in size from small aid stations to major medical treatment and training facilities. Our facilities are not just aging, they are undersized, overcrowded, and in many cases, only marginally adequate in terms of meeting health codes. Some have been notified of losing accreditation if violations are not corrected.

ASSESSMENT OF THE MEDICAL PROGRAM

Question. Dr. Mendez, would you say that there is a generally good match between the quality of DoD's medical facilities, and the quality of medical care that is provided in those facilities? Any how would you describe the level of quality?

Answer. The Department of Defense is committed to providing medical care of the highest quality to its beneficiaries. During the past few years, we have initiated and institutionalized a number of actions to assure that military health care is of the highest quality. These measures include a stringent credentials review and clinical privileging process, local monitoring and evaluation activities, adherence to Joint Commission standards, and a pioneering external peer review program. These efforts, however, can certainly be compromised by the poor condition of many of our healthcare facilities. While our physicians, nurses and all healthcare providers are dedicated to and concerned with quality healthcare, old, overcrowded and dysfunctional facilities are a strong impedance to providing the quality care that our professionals have to offer. We will continue to do everything in our power to mitigate our facility problems by strong management and the extraordinary efforts of our staff.

DOD/VA JOINT USE

Question. Has the VA pulled their share of the load for staffing joint use facilities?

Answer. To my knowledge, the VA has been complying with the terms of the VA/DoD sharing agreements regarding staffing.

FORT BRAGG, N.C.

Question. When will construction funds be requested for this project?

Answer. Construction funds for Phase I of the hospital replacement project at Fort Bragg will be requested in FY 93.

EAKER AFB, ARKANSAS

Question. What is the current status of the composite medical facility project at Eaker Air Force Base in Blytheville, Arkansas?

Answer. Work on the project has been stopped at the Concept Design S-2 phase (may not exceed 20 percent) pending the outcome of current base closure studies.

Question. What is the current planning and construction schedule for this project?

Answer. Since the design has been stopped at the Concept Design S-2 stage, all planning, design, and construction is now on hold pending the outcome of possible base closure studies now underway.

Question. Is this project being held up by the Secretary's announcement of Eaker as a candidate for closure?

Answer. Yes. All planning, design and construction is now on hold pending the outcome of base closure studies underway.

LETTERMAN ARMY MEDICAL CENTER, CA

Question. Is the Department considering a leaseback of Letterman from the Department of the Interior?

Answer. The 1990 Armed Services Committee of Conference directed the Army and the Department of Interior to investigate a leaseback of the Letterman Army Medical Center. The Department of Defense is cooperating with the Department of Interior in its investigation. However, in keeping with Public Law 100-526, all installations and facilities identified for closure by the Base Realignment and Closure Commission will be closed. This includes the Letterman Army Medical Center.

Question. The Department's current schedule calls for closure of the Presidio to be completed during the first quarter of 1995. Will Letterman close before that?

Answer. This is unlikely. There is a gradual phase out of operations at Letterman Army Medical Center. The Medical Center will revert to station hospital status until closure in 1995.

Question. Do you know what the Department of the Interior plans to do with Letterman?

Answer. I am unaware of the Department of Interior's plan for Letterman.

MATHER AFB, CALIFORNIA

Question. The Department's current schedule calls for closure of Mather AFB to be completed during the fourth quarter of 1993. When do you expect a final decision on your plan for the Mather hospital?

Answer. Mather Air Force Base will be closed, as will the hospital. Final disposition of the facilities will be in accordance with the Department's property disposal guidelines.

Question. Are all the options still open—including joint use with the Veterans' Administration or other arrangement to keep the hospital open for use by McClellan AFB?

Answer. The Department of Defense will not operate the Mather AFB hospital after the closure date announced by the Secretary of Defense. To do so would be in violation of Public Law 100-526. Whether or not the Veterans' Administration will operate the Mather AFB hospital facility is still to be determined.

FORT DETRICK, MARYLAND

Question. What is the status of proposals to relocate research functions from Letterman to Fort Detrick? (We understand that the people in Maryland may be opposed.)

Answer. The Army will engage a contractor to prepare a Program for Design to accommodate relocation of functions and people to Fort Detrick.

Question. What is the cost to replicate the Letterman Army Institute of Research?

Answer. This project is in the Base Realignment and Closure submittal for the FY 91 President's Budget request. It is currently programmed for FY 92 at a cost of $58,000,000. However, projects in FY 92 and later are still being studied and designed. As a result, costs are subject to change.

GUAM

Question. Is it correct that the B-52 drawdown at Andersen AFB, Guam will vacate 120,000 square feet of storage area that will be taken up by a military readiness hospital?

Answer. Some very preliminary studies have indicated that six three-story barracks currently utilized by 42nd Bomb Wing personnel could be converted for storage of two 500 bed readiness hospitals. I must emphasize that this is a preliminary study and nothing has been finalized.

Question. Is this a relocation, or a new capability?

Answer. This is a relocation. It is not a new capability.

RAF LAKENHEATH, U.K.

Question. You submitted a reprogramming request for a composite medical facility project at RAF Lakenheath that we have approved. How do you plan to proceed?

Answer. We still desire to execute the project and are hopeful that a satisfactory answer to the reprogramming can be found. If we are unable to reprogram, we will investigate other options such as reductions in the project scope. Such alternatives, if necessary, will certainly degrade our ability to deliver healthcare in the United Kingdom.

Question. What do you estimate it would cost to re-bid the project?

Answer. This estimate is still being validated. We believe it will cost approximately $60 million.

Question. Is the project still required, in light of events in Europe?

Answer. Yes. RAF Lakenheath is the primary referral hospital in 3rd Air Force. Force structure changes are not forecast for this location in light of current events. The current facility is 26 years old, grossly undersized and contains numerous life safety and other deficiencies.

RAF LANARK, U.K.

Question. The fleet hospital project at RAF Lanark will include NATO funding of $12.4 million. Why didn't they pay for the entire project?

Answer. NATO will fully fund storage of material utilized to support reinforcement of forces. However, provision of healthcare to troops is an individual national responsibility. As such, NATO will pay for that portion of a Fleet Hospital Facility that is used for storage, and the United States must pay for space utilized for the breakout of equipment or setting up the hospital. Depending on the design and the type and size of fleet hospital, the cost breakdown will vary. NATO and U.S. personnel reviewed the scope of the proposed facility, determined how much space was to be allocated directly for storage, and then determined the funding responsibility of the two parties.

AEROSPACE MEDICINE FACILITY

Question. Please submit for the record the Department's final decision on the aerospace medicine facility in North Dakota.

Answer. The Department maintains its position that this facility is not required. Adequate facilities for aerospace medicine research and training currently exist within the Department of Defense infrastructure. Additionally, we anticipate no future demand for this capability which would change our position.

MORATORIUM ON CONTRACT AWARDS

Question. Is the moratorium going to cause problems in program execution? For example, wouldn't you expect that the moratorium might be reflected in the number and quality of bids?

Answer. I do not expect that it will affect the number or quality of bids.

PROJECTS NO LONGER REQUIRED

Question. Are there any projects requested in the budget that cannot or will not be put under contract in fiscal year 1991, due to base closure, bilateral or multilateral negotiations, or other reasons? If so, please provide a list of such projects.

Answer. There are two projects in the 1991 Budget Submit that will not be placed under contract in fiscal year 1991 due to anticipated force structure realignments. They are:

Location and project:	*Million*
Aviano, IT—Second Echelon Medical Logistic Storage Facility	$1.1
Giessen, GY—Dispensary/Dental Clinic	5.0

PHILADELPHIA NAVAL SHIPYARD

Question. In light of the second round of base closures, is the $11.6 million project at the Philadelphia Naval Shipyard still required?

Answer. The Secretary of Defense has directed a study of the possible closure of the Philadelphia Naval Shipyard. If the Shipyard and the Naval Station close, the project will no longer be required.

BASE CLOSURE CANDIDATES

Question. Provide for the record a list of any projects appropriated in fiscal year 1990 and earlier, but not yet executed, at locations announced as candidates for realignment or closure. Are these projects deferred, pending decisions on closures?

Answer. There are no projects that have not been executed that are located on bases that are candidates for closure. There are three projects in fiscal year 1990 that have not been executed and that are located on bases that have been announced as candidates for realignment. These projects are not being deferred. They are:

Andrews AFB, MD—Clinic Annex	$2,900,000
Ft Sam Houston, TX—Hospital Phase III	53,000,000
Nellis AFB, NV—Hospital	10,000,000

[CLERK'S NOTE.—End of questions submitted by Chairman Hefner.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Coleman.]

CHAMPUS REFORM INITIATIVE

Question. Dr. Mendez, last year I asked a number of questions of Assistant Secretary Mayer about his plans for improving recruitment and retention among health professionals in the armed services. The Pentagon had developed an initiative called Project Restore to help in this area. What aspects of Project Restore, if any, had to do with Military Construction?

Answer. Project Restore is not directly related to military construction. Its major purpose is to support the restoration of medical facility service levels by providing military medical managers with the responsibility, authority, and goals to accomplish this purpose.

Question. We put a lot of emphasis on bonus pay in the authorization bill last year—that will help a little, I imagine. But what about our hospitals? One of Secretary Cheney's candidates for closure or realignment is the Health Services Command at Fort Sam Houston in San Antonio. As our colleague Mr. Fazio has pointed out many times, the requirements for medical care at McClellan Air Force Base and Travis Air Force Base, and among the retiree population, are enormous—and yet no steps have as yet been taken to lease back the clinic that was included with the base closure there? What are we doing in the area of military construction to help with these recruitment and retention issues?

Answer. Recruitment and retention of motivated and skilled health care providers is a high priority within the Department of Defense. Our Graduate Medical Education (GME) centers are the place where the military doctor learns "military medicine." This type of project is one of our highest priorities in the military construction account in terms of allocating scarce resource dollars to modernize and upgrade the existing medical physical plant. Health care projects are identified and planned in an effort to provide the beneficiary with the best possible service within resource limitations. Also taken into account is the size and quality of space in which medical services are to be provided.

COMPOSITE HEALTH CARE SYSTEM (CHCS)

Question. Dr. Mendez, at William Beaumont Army Medical Center in my district, there is a real shortage in the amount of dollars available for information management. Some of this is attributable to a cap that the Congress imposed on Automated Data Processing (ADP) equipment. Some of this is also probably related to Gramm-Rudman sequesters. But there is also a series of command-wide cuts being passed through the Health Services Command which is causing real pain.

I know that this is not strictly a Military Construction issue, and that some of this falls within the responsibility of the Defense Medical Systems Support Center, or DMSSC, if I have that right, but would you tell me what is going on as regards funding for Health Information Systems?

Answer. The Hospital Information System (HIS) at William Beaumont Army Medical Center was fully funded in FY 89 and FY 90. Full funding for the current level operation and maintenance of the HIS is programmed in FY 91. During the past two years the Department, and the Army, have experienced reductions in funding for automated information systems.

The Composite Health Care System (CHCS) is the Department's principal automated medical information system for support of military medical treatment facilities. This program has experienced some budget reductions and long-term Service funding of this program is not secure. My office and the Service Surgeons General are attempting to ensure long-term funding for CHCS.

Question. Last year, as I understood it, there was a moratorium on the procurement of the CHCS system throughout Department of Defense Health facilities. Was that moratorium lifted? When was it lifted?

Answer. There is not, nor has there been, a moratorium on the procurement of the Composite Health Care System (CHCS). However two factors may have contributed to such a perception.

First, for a short period of time in 1989, the Department temporarily delayed installation of CHCS in test sites while system performance times were being improved.

Second, CHCS is currently undergoing Operational Test and Evaluation (OT&E) prior to a deployment decision in the fall of 1990. The OT&E test plan, developed by the Department and approved by the General Accounting Office (GAO) and the Major Automated Information Systems Review Council (MAISRC), provided for fourteen initial or "Beta" test sites. These test sites were designated to receive CHCS for the purpose of conducting the OT&E. During 1989, several additional hospital commanders expressed an interest in deploying CHCS at their facilities. In accordance with procurement regulations, the Department could not install CHCS in any sites other than the approved Beta test sites until approval for full deployment.

Question. As you know, the Veterans Administration has awarded a contract for design and development for the new wing at William Beaumont. This is to be a "colocated" wing. It is called a cost-sharing even though the VA is going to pay for the construction. There are some things in the Memorandum of Understanding between the Army and the VA, however, that the Army is going to pay for—such as some of the medical equipment and again, some of the ADP capability. This is one reason I am especially worried about the ADP shortfall—because the requirement is about to increase substantially and they are just about out of funds only halfway through this fiscal year.

Do you have any current estimates on what will be required of the Department of Defense in terms of a financial commitment on this project?

Do you have breakout as to what those costs will be?

Will your office be seeking any funds for this project in the FY 1992 budget submission or will you be funding these requirements from already existing accounts?

Answer. The Department of Veterans Affairs has responsibility for funding the construction of the new wing at William Beaumont Army Medical Center (WBAMC). While the Memorandum of Understanding between the Army and the VA does specify that the Army has some financial obligation in the procurement of major medical diagnostic equipment, no reference is made to ADP requirements. Health Services Command has no funds allocated to provide additional support in this area and the Department is unaware of any Army plans to provide additional support in the future.

Question. Will you be seeking any Military Construction dollars for William Beaumont in the foreseeable future?

Answer. No. There are currently no plans to pursue further military construction projects at this location. A $1.0 million life safety upgrade project is currently underway.

[CLERK'S NOTE.—End of questions submitted by Congressman Coleman.]

[CLERK'S NOTE.—Questions submitted for the record by Congressman Lowery.]

MORATORIUM

Question. What impact has the Secretary's moratorium on military construction had on the medical program?

Answer. Medical military construction projects have been affected by Secretary Cheney's construction moratorium. Among the effects are a delay in award of Architect/Engineering contracts, up to a three month delay in construction contract awards.

Question. Have you sought any waivers to the moratorium?

Answer. Yes. Waivers have been requested on two projects for which immediate relief is necessary. The projects are Portsmouth Naval Hospital, Portsmouth, Virginia and the Naval Hospital, Naples, Italy.

CONTRACTING OUT

Question. Has a medical project been designated under Section 2809? If so, what is the history and current status of the project?

Answer. No medical military construction project has yet been designated to be accomplished under 10 U.S. Code, Section 2809.

PRESIDIO

Question. Last year, the Defense Appropriations Conference Report directed the Department to negotiate an agreement with the Park Service that could include leaseback provisions for Letterman Army Medical Center. What is the status of these negotiations?

Answer. The Department of Defense is cooperating with the Department of the Interior in its investigation of the feasibility of a leaseback arrangement for Letterman Army Medical Center.

SAN FRANCISCO BAY AREA

Question. What is the status of the San Francisco Bay Area Study? What impact do you anticipate the proposed base closures for the area will have on this study?

Answer. The draft of the study has been received and Department of Defense comments have been provided to the contractor. The final analysis is due back to the Defense Medical Facilities Office in April, 1990. The proposed base closures will have very little impact on the study. There are several reasons for this:

The proposed base closures were announced after the Draft Study was completed.

The study includes a scenario that assumes all military treatment facilities in the Bay Area are closed and all health care is purchased from the civilian sector.

As a result of the announcement regarding the possible closure of several Navy medical facilities in the Bay Area, the contractor was instructed to include an additional scenario that assumes the David Grant Medical Center at Travis AFB and the Navy clinics at Mare Island, Concord and Stockton remain open while all other military medical facilities are assumed to close.

These two scenarios should provide an approximate impact of the proposed Navy medical facilities closure.

PEDIATRIC CARE

Question. Has there been an increase in the need for pediatric care among active duty personnel?

Answer. The Services report that demand for pediatric care for active duty families has increased. However, the active duty strength reductions planned by the Services may affect demand for pediatric care since the active duty dependent population will decrease in the future.

Question. What steps are being taken to alleviate the growing shortages in this field at both the physician and nursing level?

Answer. The Department's staffing posture for pediatricians is currently quite favorable. At the end of Fiscal Year 1989, pediatricians were staffed at 96 percent of budgeted authorizations, with an inventory of 701 on-board pediatricians compared to 729 authorized pediatrician billets. The Department has recognized that more nurses are needed in many of the nursing specialties to properly staff the military medical system. The Army and Navy, in particular, have identified needs for additional nurses. Both these Services have substantially increased budgeted authorizations for nurses and are giving high priority to increased nurse recruitment and retention.

The Department, with support of Congress, has taken very positive steps to improve physician and nurse staffing of the military medical system. The Health Professionals Special Pays Studies completed by the Department during Fiscal Year 1989 provided comprehensive reviews of compensation for active duty physicians, nurses and other health care providers. The findings of these studies were reported to Congress, together with recommendations and legislative proposals for significant increases to compensation for physician specialists to enhance competitiveness with private sector compensation, accession bonus authority to aid recruitment of nurses, and incentive pay to help attract and retain nurse anesthetists. In response to the Department's recommendations, Congress provided, in the Defense Authorization Act for Fiscal Years 1990 and 1991, multiple enhancements to financial incentives for active duty health professionals. Congress also adopted the Department's legislative proposal for a new financial grant and stipend incentive to attract health professionals undergoing advanced professional training in specialties which are in short supply. To further support the Department's efforts to improve nurse staffing, Congress also provided authority for a financial assistance program designed to attract third and fourth year nursing students.

The Services have also implemented many other initiatives to improve nurse recruitment and retention. They have improved working conditions, work schedules and support staff for nurses.

CHAMPUS REFORM INITIATIVE

Question. Is the Department relying on alternative sources to provide this care?

Answer. Some alternative sources exist. The Partnership Program, for instance, provides the opportunity to bring civilian providers into military treatment facilities as the needs are identified.

NAVY PHYSICIANS

Question. Given the fact that during peacetime authorized beneficiaries are provided health care services that will be needed for troop support during a conflict, have you developed relationships between the Navy's "centers of excellence" and civilian facilities, such as children's hospitals, to assure that transfer of dependent care to the civilian sector will be immediately available in time of war?

Answer. There are numerous agreements between Naval Hospitals and civilian institutions, including children's hospitals, for sharing of services. There include memoranda of understanding for non-Federal trainees (civilian students receive portions of clinical learning experience in Navy medical treatment facilities); memoranda of understanding for Navy trainees to receive portions of clinical learning experience in civilian institutions (not full time outservice training); and partnerships which allow civilian practitioners to work in civilian institutions in certain circumstances.

However, in time of conflict, dependent patients will be disengaged or transferred, i.e., CHAMPUS will become the payor for care provided in civilian treatment facilities. Under CHAMPUS regulations, the beneficiary must be allowed the freedom to choose his/her own provider. Thus, agreements concerning transfer of dependents to particular civilian institutions would not be appropriate.

Question. Given the benefit to Navy physicians derived from providing health care to non-troop beneficiaries, what steps have been taken to encourage an expanded opportunity for Navy physicians and trainees in the "centers of excellence" to participate in the care of beneficiaries, such as in the subspecialty areas of pediatrics.

Answer. The Navy conducts graduate medical education programs in pediatrics at Naval Hospitals Bethesda, Maryland; Portsmouth, Virginia; San Diego, and Oakland, California. We currently have approximately 40 physicians in training in these programs to meet our requirements in this specialty in Naval Hospitals and clinics both at home and abroad.

Question. In these days of increased specialization and equipment needs, how does the Navy provide "safety nets" when, for example, the only pediatric gastroenterologist is suddenly transferred from a major facility, thereby creating a critical void and perhaps placing the hospital's pediatric training program accreditation at risk?

Answer. The Navy's training and manpower management systems attempt to minimize such situations. However, even with the best of intentions, gaps sometimes occur. When they do, we have a variety of alternatives available to assure that appropriate care is available. Our medical centers, where specialists, such as a "pediatric gastroenterologist" are assigned, have the greatest flexibility in responding. Located in large urban medically sophisticated areas, our medical centers typically have Memoranda of Understanding with local medical schools, hospitals and civilian consultants who are available to provide consultation. At our smaller facilities, we refer to appropriate sources of care. We also assign personnel to Temporary Additional Duty, if they are available, to cover gaps. We have the ability to refer patients to specialists for consultation using supplemental care or CHAMPUS. The botton line is that no patient will be denied appropriate treatment due to a gapped billet.

NAVCARE CLINICS

Question. In light of budget restrictions on personnel shortages, does a program like NAVCARE clinics offer alternatives to the Navy's own facilities?

Answer. NAVCARE clinics offer our beneficiaries access to primary and acute care services. Without these clinics access to these services at military treatment facilities (MTF) would be extremely limited and waiting times unacceptably long. Also, if our beneficiaries used CHAMPUS rather than the MTF or NAVCARE clinic, our health care costs in this area would be greater than $48.38 per patient visit paid under the NAVCARE contracts.

Question. Based on the success of the NAVCARE clinics, do you envision forming long-term agreements with civilian health care facilities to supplement the need for increased Navy health facilities?

Answer. Alternative health care delivery vehicles such as NAVCARE contracts will be required by Navy Medicine as long as the demand for care exceeds the inhouse supply. The contractual period of any health services contract is governed by requirements for fair competition set forth in the Federal Acquisition Regulations which limit any such contract to a total of five years including all options. This obviously precludes the format of any agreement with a single civilian health facility in excess of this duration.

EQUIPMENT

Question. In light of the very specialized equipment needs in many of the medical specialty areas, such as pediatrics or obstetrics, has the Navy considered establishing relationships with existing medical facilities in the civilian communities, such as existing hospitals, to reduce replication of specific equipment?

Answer. We constantly seek the most cost-effective method of delivering necessary health care services. This includes analysis of equipment requirement to determine the most appropriate manner for accessing the ever-expanding medical technology. Hi-tech items not justifiable for purchase are accessed through purchased services from private sources or from other federal agencies such as the Department of Veterans Affairs.

Question. Advancing medical technology requires continual investment in state-of-the-art equipment and techniques. Can civilian hospitals play a greater role in providing this equipment as a cost savings to taxpayers and can arrangements be made that a civilian facility actually becomes the specialized "Department" for the military?

Answer. As previously stated, we constantly seek the most cost-effective method of accessing the medical technology necessary to care for our beneficiaries. When appropriate we do, and will continue, to seek necessary support from private sources.

STAFFING

Question. Given the precipitous drop in retention of high-quality specialty trained physicians, how are you taking advantage of the attraction of civilian programs that can be linked to the Navy within its "centers of excellence" to provide an enriched professional setting in which to recruit and retain Navy physicians?

Answer. Though Navy had experienced a decrease in retention of specialty-trained physicians, I would not say it was a "precipitous" drop. Our ability to retain physicians is improving and our training centers are viewed by the civilian community as "centers of excellence." All of our graduate medical education programs have affiliations with local medical centers and academic institutions to insure the broadest and richest professional training experience possible. The benefit of these relationships is clearly reflected in the quality of our graduates. We are working very hard to expand this enriched professional environment beyond the teaching centers to our other hospitals by providing appropriate equipment, support staff, and opportunities for professional growth.

CHILD ABUSE

Question. I understand the incidence of child abuse is increasing at an alarming rate, not just in the civilian sector, but in the military as well. Does the Department presently have adequate resources and facilities to deal with this problem?

Answer. Any level of child abuse is alarming. However, according to the FY89 data submitted to the Department by the Military Services we have apparently experienced a plateau in the number of reported cases. Because of previously unfunded requirements, the FY90 budget for the Family Advocacy Program was increased to $26M from $15M in FY89. This increase represents a significant commitment by the Department.

Question. Could civilian resources and facilities provide greater flexibility for the services in handling these cases?

Answer. The Department currently utilizes civilian resources quite extensively. We report all incidence of child abuse to local child protection agencies and are frequently involved in joint investigations. Each of the Military Services is involved with a number of private organizations that provide contracted assistance in the areas of prevention, education, training, and treatment. Additionally, a significant amount of CHAMPUS resources are used for treatment of child and spouse abuse victims. We are reviewing current procedures to determine if additional internal resources can provide more efficient and effective services while reducing CHAMPUS costs in this area.

CHAMPUS REFORM INITIATIVE

Question. DoD reported in January that the CHAMPUS Reform Initiative (CRI) has been successful in reducing the government's costs for medical care for military dependents and retirees. However, there had been earlier reports of large claims processing backlogs and arbitrary denial of claims. Are there currently any claims backlogs in California?

Answer. For in-system claims (those attributed to network providers), in May, 1989 the inventory was over 210,000 unprocessed claims, 150,000 of which were over thirty days old. In March, 1990, the inventory was less than 70,000 claims with just over 20,000 of those over thirty days old.

For out-of-system claims, the processor, Blue Cross of Washington and Alaska has met or exceeded the government's standard for the past six months. The current inventory is 55,000 claims which is down from the all-time high of 120,000 claims in January, 1989.

Question. What effect has CRI had on mental health benefits? I understand the need to reduce high costs, but I am concerned that legitimate mental health treatment is being denied because of the effort to cut costs. Can you demonstrate that military families still have access to adequate counseling and psychiatric care?

Answer. The mental health care program under CRI is managed by professional mental health providers. In order to assure fair treatment to military families, the review process has been weighted toward approval rather than denial of services. Careful attention has been paid to the appeal processes through the Foundation Health Corporation and OCHAMPUS. There is clearly a recognized need to contain mental health costs, which account for over one fourth of all health care services. However, critical to the program is the control of mental health expenditures without jeopardizing access to needed services. The CRI contractor employs prior authorization for in-system services, negotiates reduced mental health rates for physicians, psychologists and inpatient acute care per diems, and reviews mental health claims after the 6th session and every 10 sessions thereafter.

Question. Please provide my office with a copy of your overall report on CRI and any information you have on the mental health treatment issues.

Answer. Attached is a copy of the Department's latest report on CRI, December, 1989.

REPORT TO CONGRESS

ON THE

CHAMPUS REFORM INITIATIVE DEMONSTRATION PROJECT

DECEMBER 1989

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I. BACKGROUND

The 1987 National Defense Authorization Act (P.L. 99-661) provided specific demonstration authority to conduct the CHAMPUS Reform Initiative (CRI) which is designed to improve CHAMPUS through competitive selection of a financially at-risk contractor to underwrite delivery of CHAMPUS health care services. In the 1987 Act, Congress endorsed a three-year phase-in of CRI, starting with a one-year demonstration, to be followed, if successful, by nationwide implementation.

Three key parameters were set by the 1987 Defense Authorization Act:

1. The demonstration project was to begin not later than September 30, 1988. Actual delivery of services began on August 1, 1988.

2. The scope of the demonstration was restricted to not more than one-third of covered beneficiaries. California and Hawaii, the CRI area, have approximately 865,000 beneficiaries. This represents 14 percent of the 6.2 million total CHAMPUS beneficiary population, or 17 percent of the 5.2 million CONUS CHAMPUS beneficiary population.

3. A health care enrollment system was to be implemented under the demonstration. The heart of CRI is a new CHAMPUS Prime health care option which requires enrollment. Contractor reports show that CHAMPUS Prime enrollment had reached over 55,000 individuals by October 31, 1989. This is substantially more than expected for the first 15 months of activity.

The Secretary of Defense was instructed to provide a series of reports to Congress on the CRI demonstration project. These reporting requirements were to provide information to determine CRI's viability for phased implementation to other states in the CRI region (Arizona, Nevada and New Mexico), or the other CHAMPUS Fiscal Intermediary regions in the United States.

Twelve reports have been submitted to Congress on the development and operation of the demonstration project. In the most recent report, submitted in June 1989, the Department indicated it intended to issue a further evaluative report to Congress on December 1, 1989, sixty days prior to the government's decision whether to enter the first twelve-month CRI option period, running from February 1, 1990 through February 1, 1991. The Department also indicated it expected at this time more substantiated results on program costs, long-term management pursuits and various program operational techniques.

The report issued in March 1989, concluded with the Department's commitment to continue only so long as the two essential principles that have formed the cornerstone of this demonstration remain apparent and documentable. The first principle is that the demonstration should continue if the actual price is likely to remain below what CHAMPUS would have cost without the Reform Initiative. This principle is consistent with a key requirement of law in the DoD Appropriations Act of Fiscal Year 1989.

The second principle is that, regardless of potential contract modifications and complex financial underwriting techniques, the total cost of the demonstration project, taken as a whole, must assure the right contractor incentives for strong and sound management practices.

This report is submitted pursuant to Congressional directives including Section 702 of the Fiscal Year 1987 National Defense Authorization Act, which directs the Secretary to submit reports on the status and results of the CRI demonstration project and any changes the Secretary intends to make in the Initiative during the proposed implementation.

II. MAJOR ASSESSMENT AREAS

This report provides, for the first time, a detailed assessment in Section A by the Rand Corporation of costs under CRI compared with what CHAMPUS would have cost without the Reform Initiative, as well as independent estimates in Section C of CHAMPUS costs without reform for California and Hawaii by the firms of Lewin/ICF and William M. Mercer Meidinger Hansen, Inc. The report also includes in Section B an update on various claims processing issues discussed in detail in the March and June 1989 reports referenced above. Information is provided in Section C on the management and fiscal condition of the prime contractor, FHC, an area of concern highlighted in previous reports. Finally, Sections D and E provide updates on beneficiary and provider perceptions of CRI, and Section F discusses resource sharing.

Material from the following independent reports has been included in this report:

"Summary of Preliminary Data from the CHAMPUS Reform Initiative." Santa Monica, CA: The RAND Corporation, Nov. 27, 1989. A RAND "NOTE" providing full details of the RAND evaluation of CRI will be published by early January 1990.

"Projection of CHAMPUS Cost in California and Hawaii for Pre-CRI Benefits." Richmond, VA: William M. Mercer Meidinger Hansen, Inc., Nov. 1989.

"Estimates of CHAMPUS Costs Without Reform." Washington, D.C.: Lewin/ICF, Nov. 27, 1989.

"Analysis of CHAMPUS Prime Beneficiary Satisfaction." Washington, D.C.: Lewin/ICF, Nov. 27, 1989.

"Analysis of Health Services Delivery Issues." Washington, D.C.: Lewin/ICF, Nov. 28, 1989.

A. PROGRAM COSTS (EXTRACT FROM THE RAND SUMMARY)

To determine the change in costs from the pre-CRI period to the CRI period, we used extracts from the CHAMPUS Quick Response Data File (QRDF) covering 1988 and the two CRI data files for 1989--the EDS file for network and Partnership claims and the Blue Cross of Washington/Alaska (BCWA) file for non-network claims. The pre-CRI and CRI claims were each totaled and the rate of change compared with an estimate of the rate of change that would have been observed without CRI.

The estimates reported here were based on claims for services provided during April through June, not claims processed during that period. We chose to begin with April because network claims processed before April have a very high error rate and utilization in the early months of the program was only minimally influenced by CRI. June was the last month for which a sufficient number of claims would be submitted in time for processing by the end of October, when the claims file we used was extracted.

During the three-month period, there were 326,055 claims in 1988 and 412,010 claims in 1989 for residents of California and Hawaii. To the costs calculated from these claims, we added the costs in each year for program administration and adjustments in 1989 for pended claims, resource sharing, and payment recalculations.

Despite the efforts made to ensure that these cost estimates are accurate, we caution that there are several sources of potential error:

1. We were unable to verify that the claims files we received from BCWA and EDS were complete. In contrast, the QRDF file is known to be complete.
2. Our approach assumes that the same proportion of claims for April-June had been received by September 30 in each year. Since CRI probably increased the proportion of claims submitted directly by providers, the completion rates could have changed.
3. The costs associated with adjustments and pended claims could be misestimated.

4. As part of the CRI utilization management program, an increased number of mental health claims are being denied due to inadequate treatment justifications. Some of these claims may be paid upon appeal. We cannot estimate the potential liability for these claims.

Between 1988 and 1989, total costs--including administrative costs--increased by 4.5 percent from $111 million to $116 million. However, claims costs actually declined by almost 10 percent. The decrease in claims cost was more than offset by the large administrative costs under CRI, which were 7.5 times the claims processing costs incurred in 1988 under the standard CHAMPUS program. The decrease in claims costs was substantially higher for inpatient hospital services than for professional and outpatient hospital services combined. In comparison, published data indicate that, excluding California and Hawaii, CHAMPUS costs increased 17 percent within catchment areas between the first nine months of fiscal year 1988 and the same period in fiscal year 1989.

We also calculated claims costs (excluding adjustments) for the three major geographic areas--northern California, southern California, and Hawaii--and for active duty versus retired family members. Although the patterns of change differed somewhat, the only categories in which claims costs increased were for retired family members and northern California, for professional and outpatient services only. Reimbursements for inpatient hospital services were consistently lower.

The biggest decrease we found was for professional and outpatient mental health services. Excluding adjustments, the costs for these services decreased by an astounding 34 percent. As we discussed above, under CRI mental health claims, especially those submitted by non-network providers, are carefully reviewed for appropriateness. Prior authorization is required for mental health admissions and available as insurance against retrospective denial for outpatient care. We cannot be sure that the cost decreases result from these reviews, but the evidence is consistent with this hypothesis.

These cost estimates, which are only for a three-month period nine months into a major new program, may or may not reflect longer-run costs under CRI. At this point, we know little about the causes of the decreased claims payments. With more data and the opportunity to conduct more extensive analysis of the changes that underlie the cost trends, we will be able to draw firmer conclusions about CRI's effectiveness in containing costs without adversely affecting beneficiaries.

B. CLAIMS PROCESSING

Under the CHAMPUS Reform Initiative (CRI) demonstration, claims processing for the standard CHAMPUS is handled by Blue Cross of Washington and Alaska (BCWA) under subcontract to the CRI prime contractor, Foundation Health Corporation (FHC). Currently BCWA processes approximately 40 percent of the claims. The remaining approximately 60 percent of claims are processed under CHAMPUS managed care by FHC/Electronic Data Systems (EDS).

1. Out-of-System/Standard CHAMPUS

The last report to Congress in June 1989, reported that earlier problems which had been encountered with timeliness and accuracy in payment of standard CHAMPUS claims had been fixed. This assessment remains current.

BCWA first met the cycle-time standard in April 1989 and, as shown in table 1, has since met the standard with the exception of 2 slight drops in performance in July and September. They have also consistently out-performed the required aged-inventory standard. Reporting through the second week of November 1989 continues to show BCWA performing within contract standards, including the claims processed within 21 days of receipt.

TABLE 1

STANDARD CHAMPUS CLAIMS PROCESSING PERFORMANCE

MONTH/ YEAR	RECEIPTS	PROCESSED	1/ CYCLE TIME	CLOSING INVENTORY	2/ AGED INVENTORY	3/ DAYS WORK ON HAND
Feb 89	100,922	101,730	57.1%	88,933	3.20	17
Mar 89	112,440	125,003	61.2%	76,370	2.23	14
Apr 89	88,558	122,501	75.4%	42,427	1.56	7
May 89	105,566	104,617	82.1%	43,376	1.37	9
Jun 89	102,154	99,907	76.6%	45,623	1.74	10
Jul 89	90,439	93,405	74.5%	42,657	2.39	9
Aug 89	100,161	102,289	75.2%	40,529	2.07	9
Sep 89	82,962	82,554	72.7%	40,937	1.92	10
Oct 89	95,235	96,712	78.0%	39,456	1.25	9

1/ percent processed in 21 days; standard is 75%.
2/ ratio of average number of claims in inventory over 30 days to average daily receipts; standard is less than 2.5.
3/ guideline is under 12 days work on hand.

(Source: OCHAMPUS PAR003 Report)

2. In-System/Managed Care CHAMPUS

Substantial improvement in Foundation Health Corporation and Electronic Data Systems' claims processing has continued throughout the third option period. By the 1st of December 1989, FHC had processed over 95 percent of the 1,138,326 claims submitted under managed care CHAMPUS. Claims inventory awaiting processing has been reduced from a high of over 212,000 claims in May 1989 to a low of 70,772. This represents a reduction in work on hand from 83 days to 13 days. Although there remains a residual of 21,834 claims more than 30 days old, the contractor has also made steady progress in reducing this number from a high of 148,000 in May 1989.

TABLE 2

IN-SYSTEM CLAIMS PROCESSING PERFORMANCE

PERIOD ENDING	RECEIPTS	PROCESSED	INVENTORY OVER 30 DAYS	CLOSING INVENTORY	DAYS WORK ON HAND
May 26, 1989	64,855	56,416	148,098	212,098	83
Jun 30, 1989	89,043	163,563	116,034	151,318	20
Jul 28, 1989	93,646	137,169	83,749	107,795	16
Aug 25, 1989	114,084	132,936	33,943	88,943	15
Sep 29, 1989	144,154	113,211	51,191	119,886	21
Oct 27, 1989	93,627	124,233	26,963	89,280	16
Dec 01, 1989	126,960	145,468	21,843	70,772	13

(Source: Claims Processing Weekly Performance Report)

The Department's Contracting Officer recently directed FHC to provide a comprehensive action plan for resolving remaining claims processing shortcomings, to include a proactive approach to regaining provider and beneficiary confidence in the processing system. The contractor's performance relative to this action plan will be watched carefully to ensure required levels of performance are achieved, prior to exercising Option Period 4.

The Department will closely monitor FHC and, despite the contractor's failure to meet every single expected level of performance, remains confident that the prime contractor and the subcontractors will successfully fulfill the goals of the CRI demonstration.

C. CONTRACTOR MANAGEMENT AND FISCAL SOUNDNESS

Management and financial strength of the contractor has significantly improved over the past six months.

On May 1, 1989, Mr. Daniel D. Crowley assumed the position of President and Chief Executive Officer of Foundation Health Corporation. He previously served as Vice President, Chief Operating Officer of Blue Cross and Blue Shield of Northwest Ohio. Mr. Crowley has managed several HMOs and PPOs, and he has a history of quickly moving companies into strong financial positions.

One of Mr. Crowley's first efforts at FHC was to correct a duplication of health care roles and activities which existed between FHC and its subsidiary contractor Foundation Health Plan (FHP) during the implementation phase of CRI. As a result, the health care and government contracting activities were grouped functionally so as to integrate and consolidate the various contractor and FHP subcontractor activities. A more efficient CRI health care operation should result.

In November 1989, FHC proposed that the FHC Government Division, which provides services under the CRI contract, be incorporated as a separate FHC subsidiary. The establishment of a separate entity as the CRI prime contractor will provide more corporate accountability and stability for CRI activities. The Department's approval of this arrangement is expected in the very near future.

The last report to Congress, in June 1989, raised questions about the financial stability of the contractor. As a result of these concerns, the CRI contract was modified prior to exercising the third option to incorporate contractor fiscal soundness standards. These fiscal soundness standards require the contractor to have at all times:

1. Total assets greater than total unsubordinated liabilities and;

2. Sufficient cash flow and adequate liquidity to meet obligations as they become due as demonstrated by a current ratio of .80:1 by October 31, 1989; .85:1 through December 1989; and 1:1 or greater thereafter.

Further, the Department required: the restructuring of the $46 million debt associated with the company's leveraged buyout; the infusion of $10 million in cash and an additional $4 million in available financing; the restructuring of a $10 million line of credit; subordination of long-term debt to all other creditors of the company; and the reclassification of the company's redeemable preferred stock.

Under the direction of new management, Foundation Health Corporation is now a much healthier company. The company has divested all five of its non-California HMOs and is concentrating on two lines of business: its very profitable California HMO and the CRI contract. FHC has taken steps to streamline company operations and has reorganized according to functional lines. These actions have yielded positive results (e.g., financial statements for the first quarter of the company's Fiscal Year 1990 show operating income of $5.7 million).

On September 30, 1989, FHC was in compliance with the contractual fiscal soundness requirements. FHC's total assets exceeded total unsubordinated liabilities by more than $12 million, and its current ratio exceeded contractual requirements, reporting a current ratio of .83:1. The Department will continue to monitor the fiscal soundness of the company and the Defense Contract Audit Agency will continue in its oversight role and in providing consultation to the Department in order to assure an accurate assessment of FHC's ability to perform requirements of the contract.

One of the key principles forming the cornerstone of this demonstration is that the demonstration should continue only if the actual price is likely to remain below what CHAMPUS would have cost without the Reform Initiative. In order to provide information for this report regarding that important question, the Department commissioned two independent estimates of the cost of CHAMPUS without Reform during the first option period (August 1, 1988-January 31, 1989), one based on a statistical model and the other based on an actuarial model. The two processes used different methodologies to estimate CHAMPUS costs in California and Hawaii absent Reform. The statistical model results in an estimate of CHAMPUS costs without Reform in the first option period ranging between $242 and $254 million. The actuarial method results in an estimate of $234 million.

Actual contract payments during the first option period were $227 million. Thus, the statistical model indicates a net savings ranging from $15 to $27 million or 6.6% to 11.9 percent. The actuarial method shows net savings of $7 million or 3 percent for that period, but estimates savings of 10 percent for the second option period (February 1, 1989-July 31, 1989).

Given the estimates of CHAMPUS cost without Reform, and the intent of this demonstration to use a fixed price approach to control CHAMPUS cost, the Department concluded that it was in the best interests of the Government to fix the option period one contract price at the level already paid, excepting monies related to adjudicated Defense Contract Audit Agency findings. This locks in savings consistent with the negotiated contract price.

D. BENEFICIARY RELATIONS

This Section and Section E include extensive input from Lewin/ICF, an independent research firm under contract to the Department, regarding the CHAMPUS beneficiaries' and the providers' perspectives on CRI.

Beneficiaries enrolled in CHAMPUS Prime appear to be very satisfied both with the program itself and with the medical care they receive.

In October of this year, a telephone survey was conducted to assess the beneficiary satisfaction with CHAMPUS Prime and with specific program components. The survey was carried out by Lewin/ICF, which randomly selected and interviewed enrollees from throughout the demonstration area. Study findings suggest that satisfaction is extremely high among all categories of beneficiaries. In particular, 94 percent of the study sample thought that the program should be continued. Another 4 percent were "unsure" although very few of this group had ever used CHAMPUS Prime services. Only two individuals interviewed in this study were dissatisfied.

Of the beneficiaries who had formed an opinion about the medical care they received, 97 percent were satisfied. When asked what specific aspects about CHAMPUS Prime they liked best, the feature cited most frequently (38 percent of responses) was the access to care and the ability to see one's "own" physician at any time. Other features frequently mentioned include lower costs (17 percent), less paperwork (12 percent), and better care (4 percent). Comments such as "highly" or "very" satisfied and that the program should "definitely" or"absolutely" be continued were common.

When asked what features about CHAMPUS Prime they liked least, the most frequent response (18 percent) entailed a perception that the provider network was too limited. The second most commonly cited negative program feature was "billing problems" (13 percent of responses). Those who noted difficulties with the latter mentioned that either they had been billed by their CHAMPUS Prime provider or they were aware that their physician was experiencing problems in receiving payment. Despite these negative aspects, however, more than 90 percent of the sample stated they would recommend the program to a friend.

Another indication of the level of beneficiary satisfaction with CHAMPUS Prime may be obtained from disenrollment data. This information shows those beneficiaries who have disenrolled from CHAMPUS Prime as a result of dissatisfaction are proportionately very small in number (i.e., less than one percent).

E. PROVIDER RELATIONS

Providers have had many complaints during the first year of CRI's operation. The majority are related to claims processing problems and lack of information about how to "work" within this new CHAMPUS program.

Complaints fall within three areas: (1) those generic and due to essential characteristics of any managed care plan, (2) those basic to the structure of CRI, and (3) those due to contractor administrative problems which have been or can be resolved. CRI, like any managed care plan, fundamentally aims at bringing a level of review of medical care and a pressure for cost-efficiency to medical practice that is contrary to the economic self interest of many providers. Although managed care plans are common in California, some providers remain philosophically opposed to such plans as inimical to the professional status of physicians. In part, some provider complaints can be seen as an indication that the program is working.

CHAMPUS Prime and CHAMPUS Extra have developed into fully operational managed care programs. FHC and its subcontracting plans are able to handle all the functions required to provide the health services needed by CHAMPUS beneficiaries, to monitor and assure the quality of those services, to promote continuity of care, and to encourage the cost-effective use of health care resources.

Prime enrollment has exceeded original projections by a wide margin. A solid majority of providers have commented that CRI is a sound approach with definite advantages for CHAMPUS beneficiaries, although many have criticized elements of its implementation.

From the providers' perspective, the health care finder function is operating particularly well. Most providers also are satisfied with the professionalism of the program's utilization and quality management functions, and although mental health professionals chafe at the program's attempt to better control mental health expenditures, even the most outspoken critics in the San Diego area see the efforts of the new mental health manager as a positive force for improving relations.

The contractors are now devoting substantial attention to provider education and provider relations. Closer relationships within FHC among the claims payment, management information system, and provider relations staffs are examples. Additionally, The Queen's Health Care Plan has conducted formal and informal meetings between physicians in the network and in the MTF. These sessions have increased the familiarity of physicians in each group with those in the other groups and resulted in improved referral relationships.

From the providers' standpoint, the handling of claims remains their major concern regarding the CRI. This issue is being aggressively pursued by FHC and should lessen as claims processing improvements become more evident.

While each of these areas for improvement is significant, except for the claims problems these issues can be viewed as "second-order" ones -- issues for improvement of an operational plan within a context of ongoing improvements, rather than potentially critical deficiencies.

F. RESOURCE SHARING

Substantial progress has been made over the past six months in implementation of the resource sharing program, an important feature of CRI. As of November 20, 1989, 33 resource sharing agreements have been executed, with 25 of those agreements actually implemented. By February 1, 1990, FHC estimates that 43 agreements will be signed.

The following assessment of the CRI resource sharing program is extracted from the RAND Summary referenced above.

Since August 1988, when CRI became operational, the number of civilian providers treating CHAMPUS beneficiaries in MTFs has steadily increased. Until recently, the non-CRI Partnership program has been the vehicle for this expansion. This program permits civilian providers to treat CHAMPUS patients in the MTFs and bill CHAMPUS at a discounted rate. The Partnership program supplanted resource sharing because the initial CRI contract provisions rendered most resource sharing unprofitable for the contractor. However, after the contract was revised in early 1989, resource sharing agreements began to appear.

Many of the advantages of the Partnership program should apply to resource sharing as well. It is clear that Partnership agreements have expanded the medical care available to beneficiaries over a wide range of services from primary care to specialty and subspecialty care at costs below those incurred under standard CHAMPUS. Since Partnership physicians, unlike military physicians, are not transferred and do not spend time on duties outside patient care, they have given the MTFs more stability and continuity in both the mix and level of care available.

Partnerships, however, have created or exacerbated some existing MTF problems. Again, we expect similar problems to arise under resource sharing. The additional physicians have strained the MTFs' ancillary and support services, especially: (1) pharmacy, laboratory and radiology; (2) nursing, particularly in obstetrics and gynecology, and in surgery; and (3) patient affairs and patient records. In the many clinics that are short of space, providing exam rooms for civilian physicians has further squeezed military providers. These military providers' morale has additionally suffered from working with their higher paid civilian counterparts.

Resource sharing potentially is a more flexible program than Partnerships because it can provide resources not available through the Partnership program, including equipment, supplies, and support staff. Thus, under resource sharing, some MTFs will be able to add or expand major services, such as inpatient wards for mental health, substance abuse, and obstetric services. MTF Commanders and staffs are excited about the potential benefits of resource sharing. However, they are somewhat frustrated at the time the contractors need to be sure that resource sharing plans will be cost-effective and at the seeming lack of initiative in identifying opportunities for resource sharing. Indeed, there is confusion as to where the initiative for resource sharing rests. The contractors believe that the MTFs are in the best position to identify their resource needs. The MTFs, on the other hand, believe that the contractors are better able to identify opportunities for saving CHAMPUS dollars.

The greater flexibility of resource sharing also may cause additional problems. More extensive expansion, the MTF's inpatient and specialty care capacity may disrupt the continuity of care for patients asked to switch from ongoing civilian care to the MTF for these types of care. The transfer and temporary reassignment of military personnel may prevent the development of the closer working relationships with civilian personnel required by some resource sharing agreements. Finally, the more complex agreements under discussion are taxing the MTFs' ability to estimate the impact on their workloads, personnel requirements, and operating budgets.

Despite the numerous problems to be solved, both MTF and contractor personnel view resource sharing as a major opportunity to develop innovative methods of blending military and civilian resources. The next year should show whether this program will fulfill these expectations.

III. CONCLUSIONS

Based on the foregoing discussion and analysis, the following conclusions are offered.

First, RAND estimated that total CHAMPUS costs in California/Hawaii under CRI during April through June of 1989 increased only 4.5 percent over the same period in 1988, contrasted with a 17 percent annual rate of cost growth under regular CHAMPUS in CONUS catchment areas outside California/Hawaii during the first nine months of FY 89.

Second, using different methodologies, two independent estimates of what CHAMPUS would have cost in California and Hawaii without the Reform Initiative during option period one (August 1, 1988-January 31, 1989), both demonstrated savings under CRI. One model calculated net savings ranging from $15 to $27 million, a savings of 6.6 percent to 11.9 percent. The other model calculated net savings of $7 million, or 3 percent for that period, but estimates savings of 10 percent for the second option period (February 1, 1989-July 31, 1989).

Third, based on the two independent CHAMPUS cost estimates referenced above, the Department concluded that fixing the first option period contract price at the level actually paid the contractor would result in savings consistent with the negotiated contract price. Therefore, the Department has reached agreement with the contractor to close out the first option period financially.

Fourth, with respect to claims processing, the last report to Congress, in June 1989, reported that earlier problems encountered with timeliness and accuracy in payment of standard CHAMPUS claims under the CHAMPUS Reform Initiative, had been fixed. The assessment remains current. In addition, Foundation Health Corporation and Electronic Data Systems have demonstrated the capability to meet contract standards for processing managed care claims.

Fifth, the management capability of Foundation Health Corporation has been significantly strengthened over the past six months. As a result of management improvements and improved fiscal soundness, FHC is a much healthier, more stable company.

Sixth, beneficiaries enrolled in CHAMPUS Prime are very satisfied both with the program itself and with the medical care they receive.

Seventh, a large majority of providers believe that CRI is a sound approach with many advantages for CHAMPUS beneficiaries.

Eighth, an increase in resource sharing agreements from the seven referenced in the June 1989 report to the current 33 confirms that the initial problems with resource sharing have been solved and the program is developing its full potential.

IV. FUTURE PLANS

The Department is heartened by the substantial progress in claims processing, financial stability, and program management made during the last six months by the contractor, and by the independent assessments indicating that the CHAMPUS Reform

Initiative has succeeded in doing exactly what it was supposed to do for less cost than regular CHAMPUS. If the remaining claims processing shortcomings are adequately addressed, the Department expects a positive decision on proceeding with the Reform Initiative into the next option period.

The Department shares expressed Congressional concerns about authorizing the contractor to expand to other states in the CRI region (Arizona, Nevada, and New Mexico) before the program is on a solid footing. The CRI contract would permit delivery of services in these states on or after February 1, 1990.

The expansion states of Arizona, Nevada, and New Mexico have approximately 213,000 CHAMPUS beneficiaries. (California and Hawaii have approximately 865,000 beneficiaries.) Expansion would increase from 17 percent to 20 percent the number of CONUS CHAMPUS beneficiaries covered by the CRI.

The cost of implementing CRI in the three expansion states would be approximately $8 million. The cost of health care services under CRI for a six-month period after implementation would be approximately $77 million. Savings in CHAMPUS health care costs for the first six months of delivery of health care would be about $8 million. The cost of waiting to expand until after February 1, 1990 (i.e., the reduction in savings) is estimated to be $1.3 million per month.

Given Congressional guidance and concerns over previous contractor problems with claims processing and fiscal stability, the Department will not authorize the contractor to expand CRI to Arizona, Nevada, and New Mexico on February 1, 1990. The Department wishes Congress to have ample time to review this report, including the cost findings by the RAND Corporation. It is the Department's judgment that the contractor is capable of proceeding to implement expansion of the CRI. The Department expects that it would be in the government's and beneficiaries' best interests to authorize the contractor a short time after February 1, 1990 to begin a phased implementation of CRI in the expansion states, with claims processing as the first authorized developmental activity and delivery of services not to begin until six months later.

The Department is committed to providing Congress with a detailed expansion implementation plan prior to any contractor activity in the expansion states. Additionally, the Department will provide a comprehensive report on CRI activities to Congress prior to exercising the fifth option period.

WEDNESDAY, MARCH 14, 1990.

PLAN FOR RENOVATION OF THE PENTAGON

WITNESS

DAVID O. COOKE, DIRECTOR, WASHINGTON HEADQUARTERS SERVICES

Mr. **HEFNER**. We would like to welcome Mr. David Cooke, the Director of the Washington Headquarters Service.

Mr. Cooke, you are responsible for DOD facilities throughout the Washington, D.C. area, but today we are going to focus on the plans to renovate the Pentagon building.

You have a prepared statement, and your entire statement will be part of the record and you can proceed any way you wish.

STATEMENT OF MR. COOKE

Mr. **COOKE**. Thank you very much, Mr. Chairman. I am pleased to be here before you, and specifically I am here to support our request for $10 million in the bill you are now considering to continue our design development of the Pentagon Renovation. Why do we need such a renovation? Well a picture is worth 10,000 words, and I have a little chamber of horrors of some of the deterioration that I will leave here for the consideration of the committee.

Mr. **HEFNER**. I am assuming these are no longer functional.

Mr. **COOKE**. Not these, but I think if we went into some of the conduits in the building right now, or looked for electric switches—we have 42,000 of them in the building—we would find representative examples just like these.

Mr. **HEFNER**. You had a little water problem yesterday over there didn't you?

Mr. **COOKE**. Yes, sir, we did.

Mr. **HEFNER**. Is this stuff actually out of the Pentagon?

Mr. **COOKE**. Yes, it is, absolutely. Also we had a little water problem which resulted in half the building being out of water for awhile, including the rest rooms. We heard about it from the people in the building, as you can well imagine. The material in these little vials—and we can supply you with literally hundreds of pounds—come from rust and corrosion inside the pipes. This material works into the flush valves of our toilets, with the result that toilet valves leak or become inoperative.

In this vial is asbestos. I can remember when asbestos used to be a good word, but the building is literally filled with asbestos, in the ceilings and around plumbing and other pipes. I hasten to add that we have to clear the asbestos when we cut into a ceiling, but as long as we do not disturb the asbestos, why the ambient asbestos in the air in the Pentagon is probably less than it is in the north woods, so it is not a health hazard but it is a definite detriment to modernization.

If a picture is worth 10,000 words, the words I would like to use to describe why we need a renovation of the Pentagon are from the conference report of the House and Senate last year in their authorization bill. I will just quote one paragraph: "The Pentagon has a failing energy plant, supplemented by leased generators." I might also add leased chillers now to maintain our chilled water which cools the computers, among other things. "Floors, walls and ceilings have holes. GSA's failure to maintain the Pentagon means that a massive renovation, estimated at $800 million, is now needed to bring the Pentagon up to a satisfactory level. The current condition of the Pentagon facilities is deplorable. It adversely affects morale and efficiency, has a negative impact on employee health, and could have an adverse impact on national security."

I won't belabor the point. I think it is generally accepted by any and all parties who have looked at the Pentagon that we need a complete modernization of a building which is now 48 years old. It wasn't designed for the power load that computers and word processors and new equipment like that requires. Our heating and power plant is a basket case. The only reason we are able to keep the plant in operation is that we are using leased boilers and leased chillers, at a substantial cost. We couldn't repair the coal boilers if we wanted to because you have to fabricate the parts for them.

So the condition of the building and plant is a critical matter, and when operational control of the building was delegated from GSA we started work on a plan to completely modernize the building. We are up here now, as I said, asking for $10 million to further our design concepts.

That concludes my brief summary. I would be very pleased to answer any questions you may have, Mr. Chairman.

[The prepared statement of Mr. Cooke follows:]

STATEMENT BY D. O. COOKE

DIRECTOR, ADMINISTRATION AND MANAGEMENT
OFFICE OF THE SECRETARY OF DEFENSE

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION

MARCH 14, 1990

Mr. ~~Chairman~~, members of the Subcommittee, I am pleased to appear before you today and discuss the status of the plans for the renovation of the Pentagon.

As you know, the Administration, as part of last years Defense Authorization Act, requested legislation that would transfer the Pentagon to the Department of Defense. This request was deferred, without prejudice, pending the development of a detailed plan for the complete renovation of the Pentagon. The Conference Report also stated that unless the Armed Services Committees of the Senate and the House of Representatives are satisfied with the progress along this route by April 15, 1990, the transfer of the Pentagon Reservation to DOD control will be addressed in the defense authorization bill for fiscal year 1991.

Although the plan required by the Conference Report has yet to be submitted, the Administration's position is that the Pentagon Reservation should be transferred to DOD. On February 28, 1990, before the Public Works Committee of the House of Representatives, Subcommittee on Buildings and Grounds, the Acting Administrator of General Services testified to this effect.

As for the renovation, DOD has considerable momentum and we will move forward with the design effort (through the Corps of Engineers, the designated design and construction agent) as outlined below:

Pentagon Renovation

A Concept plan for the renovation has been completed and this plan forms the basis for more detailed studies and analyses.

An Architect/Engineer (A/E) has been selected for developmental design (major building systems prototypical design, block heating and air-conditioning loads, prototypical design of office and special areas, establishment of standards and criteria, more detailed swing space analysis, refinement of construction phasing and concept plan, feasibility and design development of the logistics support extension).

This same A/E firm will also serve as the managing A/E for the life of the renovation to ensure uniformity of the design efforts of other A/E firms and to provide continuity throughout the renovation process.

In-house refinement of the recommended concept plan is underway. This refinement will change the funding profile approved in the last 5 year Defense plan. The adjusted renovation plan will be submitted for the next 5 year Defense plan (FY 92 - FY 97).

Our most current thinking on the renovation (not yet reflected in DOD budget plans) is to:

- Construct a logistics support extension out from the Mall Terrace and depressed below the elevation of Washington Boulevard. This extension could be as much as 450,000 square feet depending on engineering studies of ground water and other constraints. This proposed extension would house light industrial functions (Defense Printing, shops, Post Office, loading docks and the like) and will greatly improve the security and environmental conditions of the Pentagon.

- The vacated space in the Pentagon would be used for swing space in order to clear a wedge of the building for renovation. The use of the vacated space in the Pentagon would significantly decrease the need to lease swing space.

- The renovation would then proceed around the building a wedge at a time. The construction duration for the renovation is estimated at eight years with the overall total project duration estimated at eleven years from now.

Heating and Refrigeration Plant

A Design Development study has been completed, a third party study has been completed, and a cogeneration study has been completed. Based on these studies, a new plant constructed by the Government is recommended as the best solution.

A separate A/E firm has been selected to design the new plant; the design contract is under negotiation and an award could be made shortly. The FY 90 budget includes $4 million for design and the construction funding is planned for FY 92 at $63 million.

FY 1991 Budget Request

The FY 1991 Budget includes a request for $10,000,000 in planning and design funds for the renovation of the Pentagon.

Initial, order of magnitude preliminary estimates show that the cost of operating, maintaining and protecting the Pentagon Reservation along with the cost of a new Heating Plant and the renovation of the Pentagon would be covered by the amount that DOD would have paid to GSA in about 14 years. This means that although the renovation would require MILCON funding during the construction period, the actual cost to DOD will not be greater than what would have been paid to GSA over the period, regardless of whether or not that agency performed any renovation. Another way of looking at it is that although we will request funds in a different pattern and for different accounts, the end result will be a total appropriation equal to what would have been appropriated had the building remained with GSA.

Mr. Chairman, I know everyone here may have heard about the deplorable conditions of the Pentagon (with some of us experiencing them on a daily basis), but I want to describe briefly for the record the problems of the building.

Conditions at the Pentagon

Even though the Department paid GSA overall approximately $250 million more than the basic cost of operating, maintaining and protecting the building, GSA did not commit additional funds for appropriate maintenance or renovation. As a consequence, the 48 year old building has suffered from decades of neglect and poor maintenance.

Many building systems have deteriorated beyond the point of economical repair and will require total replacement. None of the major building support systems have ever been replaced or significantly upgraded. The electrical, heating, ventilating and air-conditioning and plumbing systems need to be replaced to ensure services are provided to the building, to bring the systems up to modern standards, and to provide for increasing loads. Exterior repairs and window replacement will also be required.

- Heating, ventilation and air-conditioning system has inadequate capacity, is inflexible (has no interior zoning) and major components are badly rusted and corroded.

- Electrical distribution system is outdated, wire closets and panels are overloaded.
- There is no cable management system (communications and personal computers).
- Exterior finish surfaces are in poor condition; steel casement windows won't close, leak air and water.
- Basement on-grade floor slabs have deflected up to 12" out of level.
- Primary office areas cannot be subdivided due to lack of interior air-conditioning zone resulting in inefficient spatial arrangements.
- Hazardous asbestos materials exist in ceilings and at heating and air-conditioning equipment.

Conditions at the Heating and Refrigeration Plant

The heating and refrigeration plant is operational only because of the use of rented equipment.

- ° All four original coal boilers are inoperable.
- ° Currently operating with one built-in oil-fired boiler and three rented oil-fired package boilers (rental is about $1 million per year).
- ° One of seven chillers is beyond repair, one attains half its rated capacity and the remaining five are so unreliable that seven 1,000 ton rented chillers are in use (rent is about $1.2 million per year).

Recognizing that there would probably be difficulties in securing the funds for the renovation of the building through the Federal Buildings Fund, the Administrator of General Services on June 12, 1987 delegated to the Secretary of Defense the authority to procure design services for the renovation.

This concludes my statement and I would be happy to answer any question you or the members of the Subcommittee may have.

PENTAGON COMPLEX—RESPONSIBILITY FOR RENOVATION

Mr. **Hefner**. DOD pays GSA for the Pentagon building. GSA decides how much you pay. And if my notes are correct, since 1975 GSA has billed DOD about 40 percent more than their actual costs, or about $250 million more than their real expenses. Of course, I guess in turn GSA has used this money to build post offices and other buildings. It seems to me that now, when it comes time to fix this building that will soon be 50 years old, GSA just wants to walk away from it and let DOD pick up the responsibility.

Is that an overstatement? Is that a fair statement?

Mr. **Cooke**. Well, I agree that we have been billed and paid in rent under the Federal Buildings Fund concept far more than GSA put back in the maintenance and so forth. GSA, of course, manages thousands of buildings and we compete in priority with all the others. I think my response would be, Mr. Chairman, that the overall cost to the government is going to be the same whether GSA does it or the Department of Defense does it. We are not talking about changes in cost, we are talking about where the burden falls.

Mr. **Hefner**. You are talking about what pocket it comes out of. But the problem is everybody is taking the monies that you want to use out of the defense pot to fund other priorities, for instance in Panama and Nicaragua. All of a sudden the defense budget becomes the deep pockets. And there is just so much money there and I don't know—that is just a little bit inconsistent it seems to me.

PENTAGON COMPLEX—GSA RENTAL RATES

But how much do you pay per square foot for general office space in the Pentagon, and how does that compare to what you pay GSA? How does it compare to other office space in the Washington area?

Mr. **Cooke**. Well, the GSA concept is that the rate—call it the rental rate—that GSA charges departments and agencies for public buildings should be the equivalent of the commercial rent for like buildings in the Washington area. The amount in the Washington area varies depending, of course, on the building and where it is. But I imagine commercial rent is up in the neighborhood of $25 a square foot or more, unless we are lucky enough at times to have long term leases, which will be adjusted as soon as the lease expires. The per square foot rate in the Pentagon right now is about $17 or $18, but it will go up. It has gone up each year.

Mr. **Hefner**. Well, you know, the Pentagon was bought with appropriated money, government money, and now we are paying fair market value to GSA for a facility that the federal government already owns, and always has owned.

Mr. **Cooke**. Yes, sir. This was a concept embodied in the Public Buildings Act with the idea that in the federal government we could use this concept of rental value to build, as you earlier said, post offices and other buildings throughout the United States.

PENTAGON COMPLEX—TOTAL COST OF RENOVATION

Mr. **Hefner**. What is your estimate of the total cost of this work that you have described?

Mr. **Cooke**. I think totally over the years our estimate is $1.1 billion.

Mr. **Hefner**. And that is in '90 dollars?

Mr. **Cooke**. No, that is in escalated dollars.

Mr. **Hefner**. In other words, the total cost would be $1.1 billion?

Mr. **Cooke**. Well, you know, I would buy it for that. But the point I would like to make is that you talked about an increase in the defense budget. We think, and we believe, this renovation can be funded by taking the amount that we would have paid, or would pay, to GSA over 14 or 15 years, which admittedly is more than GSA has put back into the maintenance of the building, and taking that amount over a period of about 14 or 15 years, there would be no increase in the cost to the Department of Defense. We would have to change, if you will, the color of the money, in some years moving things from O&M to MILCON. But over the years we think we can fund the renovation in about 14, 15 years at no additional overall cost.

Mr. **Hefner**. From now on, is this going to be a MILCON request or is this going to be an O&M request? It would come out of either one of the committees that I sit on. Is this going to come out of Mr. Murtha's pot, or it is going to come out of the MILCON pot?

Mr. **Cooke**. Well, it is going to vary depending on what the request is. For example, in our next year's request we hope we will have in about $63 million for the construction of the new Pentagon power plant. That is our number one priority, because if the power goes down——

Mr. **Hefner**. Are we going to start diverting that money from GSA and diverting it into this project?

Mr. **Cooke**. We would hope so, but only for the Pentagon and FB-2.

Mr. **Hefner**. When would we start doing it?

Mr. **Cooke**. We would start doing that—we hope to go up with the legislation this session to transfer the Pentagon title from the GSA, and at that time we would create a revolving fund in Treasury.

Mr. **Hefner**. Has GSA signed off on this?

Mr. **Cooke**. As a matter of fact, they have. The conference report requested a joint plan, which I expect will be up to the Hill within a week, and the GSA 11-B report—I have it here, I have a copy, it has not actually been submitted yet—concludes, on the last page of the report, "GSA has evaluated the three-part proposal previously described, recommends it as a viable plan to meet long term requirements of DOD and ensure the preservation of the Pentagon as a valuable federal asset. The proposal was given careful serious consideration by the administration. It is the position of the administration that custody, jurisdiction and control of the Pentagon be transferred to DOD and that DOD have sole responsibility for the funding and execution of the proposal recommended in this report."

And that has been signed by Mr. Austin.

Mr. **Hefner**. If you can submit that for the record.

Mr. **Cooke**. Mr. Chairman, can I hold off until this formally goes up? I mean, it is a draft that has been signed, but it is coming up in a couple of days.

Mr. **Hefner**. Sure. What it amounts to, if we don't do it in this fashion, is if we don't do it through this committee, it is not going to get done.

Mr. **Cooke**. I think that is right.

Mr. **Hefner**. So GSA has milked the cow all the good years and now they come down to the time when we are in bad straits and they don't want to fix up—the landlord doesn't want to——

Mr. **Cooke**. Well, let's say they have a lot of competing priorities all across the country and I would hesitate to characterize it as a milked cow, but they——

Mr. **Hefner**. Well, you didn't, I did. But that is where we are, that GSA probably would not do the renovation. And I doubt very seriously if they could get the money to do it. And they obviously are not going to plow back the lease monies, because they got other things that they are doing with that money. So they would have to have an authorization and appropriation to renovate it, if GSA kept it; is that right?

Mr. **Cooke**. Well, obviously, I cannot speak for GSA, but if GSA kept it, it seems to me they would have to do what we would propose to do, set up a revolving fund in which all the rental from the Pentagon Reservation would be deposited until the renovation was completed. Whether they would be willing to do that or not, I don't know.

Mr. **Hefner**. Mr. Lowery.

PENTAGON COMPLEX—JURISDICTION

Mr. **Lowery**. Thank you, Mr. Chairman.

I am a little confused. We just had Mr. Austin before Treasury and Postal a couple of weeks ago and I asked him specifically about the renovation of the Pentagon, and he responded his preference was for the General Services Administration to do the project and to keep it in their jurisdiction rather than turn it over to the Pentagon.

What has happened in two weeks time?

Mr. **Cooke**. Mr. Lowery, all I can say is that the 11-B report going up bearing Mr. Austin's signature will have the recommendation that I just quoted.

M. **Lowery**. What was involved in negotiations?

Mr. **Cooke**. We worked on the concept of the 11-B report. We saw drafts and had reservations about some of the provisions in the original report which have now been changed. But I did not get involved in any face to face discussion with Mr. Austin about where he came out on the report.

Mr. **Lowery**. Why should the Department of Defense have jurisdiction over the Pentagon?

Mr. **Cooke**. Well, I can answer that——

Mr. **Lowery**. Virtually every building in Washington is under the GSA jurisdiction and lease backed to the agency; is that not correct?

Mr. **Cooke**. Well, we have a substantial amount of administrative——

Mr. **Lowery**. Except military facilities.

Mr. **Cooke**. Well, we have a substantial amount of administrative space on military facilities. The Defense Intelligence Agency building, for example, out at Bolling Air Force Base is essentially a large office building.

Mr. **Lowery**. Outside of dedicated military reservations.

Mr. **Cooke**. Yes, virtually all. GAO is not, Treasury is not, but most of them are.

Mr. **Lowery**. What is the justification for Department of Defense having jurisdiction? Make the case for us.

Mr. **Cooke**. All right, let me answer in several ways. I would observe in attempting my answer that I know of no major western nation whose headquarters of their entire military is not under the jurisdiction and control of the armed forces of that nation. That in itself, of course, is not a sole reason, but the problem with the Pentagon being under GSA goes a little like this. GSA manages literally thousands of buildings. It has competing priorities. I would suggest that the track record of GSA since it has managed it has led to the conditions that I have been describing.

Compared to the normal office space that most other government departments and agencies need, we have unique requirements for SCIF space, that is, secured for classified information facilities, which GSA says, hey, this is above standard, you have to pay for it, DoD, because that is not what we normally provide office space for.

When we have unique requirements in other areas of security, the same thing. So we are constantly fighting—fighting may not be the word—but asserting unique priorities for the Department and in the Pentagon the renovation has to compete with other GSA projects across the nation. So we think we can do a better job of managing, maintaining and modernizing the building than GSA can.

Mr. **Lowery**. I know you are looking at a payback of 14 years by not making lease payments to GSA. Has the Department done an economic analysis for any outyear savings and what those might be?

Mr. **Cooke**. You mean after the 14?

Mr. **Lowery**. Correct.

Mr. **Cooke**. No, we have not, but we would anticipate some.

Mr. **Lowery**. Would you do so and provide the committee with such?

Mr. **Cooke**. Yes, of course.

[The information follows:]

As shown in the chart below, starting in FY 2004, preliminary order of magnitude estimates indicate that an excess will exist each year after deducting the O&M costs from the Rent payments. Should the Pentagon be transferred to DoD, the annual costs to DoD would be only the O&M amounts; the excess amounts would represent annual savings from what would have had to have been paid to GSA.

OUTYEAR SAVINGS

[In millions of dollars]

	Rent	O&M	Excess
Fiscal year:			
2004	$246.1	$87.7	$158.4
2005	252.3	92.1	160.2

OUTYEAR SAVINGS—Continued

[In millions of dollars]

	Rent	O&M	Excess
2006	258.6	96.7	161.9
2007	294.8	101.5	193.3

Mr. LOWERY. That would be helpful. I am also confused. I don't know whether we have got a major turf battle going on here, it looks like it, or the left hand and right hand just don't know what is going on. Because GSA requested $12 million for renovation and design at the same time the Department of Defense requested $10 million. Is there a coordination going on?

Mr. COOKE. I would anticipate that if this committee feels our request and if the Congress in its wisdom responds to our legislative request that money would drop from the GSA budget. I can't speak for GSA.

Mr. LOWERY. Well, what was it? Was it we were out of sequence?

Mr. COOKE. Mr. Freeman reminds me that GSA has delegated to us the authority to do the design study and we are proceeding.

Mr. LOWERY. When did that take place?

Mr. COOKE. The delegation of design authority took place in June 1987.

Mr. LOWERY. Okay. Then why would the budget for both agencies be requesting money simultaneously for the same work?

Mr. COOKE. Mr. Lowery, I can answer for Defense, I certainly cannot answer for GSA.

Mr. LOWERY. I am not sure we completely have our act together on this.

Mr. HEFNER. Well, you are assuming that GSA has signed off on this procedure, but I guess in the meantime they just decided they would go ahead as business as usual.

Mr. COOKE. I would think so, in the event that for some reason the DoD proposal is not accepted. I think GSA recognizes, as we do, that the building needs substantial overhaul.

Mr. HEFNER. And they have got their name in the pot two or three different places.

Mr. COOKE. In the event that for some reason the Congress in its wisdom does not accede to the transfer of the building.

Mr. LOWERY. You said there was agreement since '87?

Mr. COOKE. Pardon, sir?

Mr. LOWERY. You say there that was agreement since '87 that the——

Mr. COOKE. No, I said a delegation to do the concept design and supplemental design of the renovation was delegated by GSA to the Department of Defense and we moved out. We made the Corps of Engineers the agent for us.

Mr. LOWERY. But there was no follow-up agreement on the renovation?

Mr. COOKE. Not at the time of the delegation, no. Except, may I backtrack. With the last administrator of GSA, the last one confirmed at least by the Congress, Terry Golden, he and I reached an agreement that after we accepted operational control of the building, that he supported and GSA supported the legal transfer of the building to DoD. There was an exchange of correspondence on this issue with Mr. Golden before he left.

So one administrator of GSA and I reached that agreement several years back.

Mr. LOWERY. For legal transfer——

Mr. COOKE. Of the title to the building——

Mr. LOWERY. To?

Mr. COOKE. Defense. So that was a commitment on the part of Administrator Golden as of that time.

Mr. LOWERY. Is there any correspondence on that?

Mr. COOKE. I think we have correspondence, and I may have some here and I can submit it for the record.

Mr. LOWERY. Okay. That would be helpful.

[The information follows:]

Administrator
General Services Administration
Washington, DC 2040

SEP 23 PM
THE SECRETARY OF DEFENSE

September 23, 1987

Dear Mr. Secretary:

This letter transmits two copies of a basic delegation of authority agreement for real property management responsibilities. This document reflects agreements that have been reached between our respective staffs.

Included in this delegation agreement is a list of locations, as indicated in Appendix I, that are eligible for delegation. All other appendices included in this agreement are building specific and will be completed at a later date by the General Services Administration's regional staffs.

Please sign both copies of this agreement and return one for appropriate action to the Office of Governmentwide Real Property Policy and Oversight, Delegations Division, 18th and F Streets, NW., Washington, DC 20405.

Sincerely,

T C Golden

Terence C. Golden

The Honorable
Caspar W. Weinberger
Secretary of Defense
Washington, DC 20301

Enclosures

DELEGATION OF AUTHORITY

FROM: The Administrator of General Services

TO: The Secretary of Defense

1. Authority:

Under Section 205(d) of the Federal Property and Administrative Services Act of 1949, as amended, the Administrator of General Services hereby delegates and authorizes successive redelegations of authority identified herein within stated limitations to the Secretary of Defense, as head of the Department of Defense (hereinafter referred to as "DoD").

2. Authorities Delegated:

Authorities vested in the Administrator by Reorganization Plan No. 18 of 1950, the Federal Property and Administrative Services Act of 1949, as amended, the Public Buildings Act of 1959, and the Public Buildings Amendment of 1972, to perform functions with respect to the operation, maintenance, repair, preservation, alteration, and protection of the building(s) identified in Appendix I are hereby delegated without limitation except as specified herein or required by law, executive order, or regulation promulgated pursuant to law. Buildings may be added to or deleted from Appendix I upon mutual agreement between GSA and DoD. Unless modified, waived or superseded by provisions contained in this delegation, all provisions contained in Public Laws and in the Federal Property Management Regulations (FPMRs), Subchapter D, as amended, apply to DoD. Any conflicts or disputes pertaining to the interpretation of this provision and/or application of FPMR requirements will be settled in accordance with Paragraph 6 of this delegation.

3. Coordination:

Unless specified otherwise, all data transmittals, approval requests, and required reports are to be submitted to the appropriate Assistant Regional Administrator for Public Buildings and Real Property (hereinafter referred to as "GSA"), who is responsible for all operational coordination between the DoD and GSA program offices. The DoD shall designate to each regional GSA the official(s) responsible for coordination of all building delegation activities for the respective buildings. GSA will notify this official prior to any inspections.

3a. Implementation:

The Assistant Regional Administrators for Public Buildings and Real Property and designated DoD representatives will mutually develop implementation plans for the delegated buildings located in the respective GSA regions. These plans will be consistent with all other provisions contained in this delegation and be approved by the designated DoD and GSA officials. Appendices II through XI will be used as documents officially supporting the authorities delegated by the Administrator.

3b. Transfer:

(1) GSA agrees to support legislation required to transfer the jurisdiction, custody and control of the Pentagon Complex from GSA to DoD, effective October 1, 1988. GSA further agrees to defer disposal of Barracks "K" pending legislation to transfer the Barracks "K" property to DoD.

(2) If the legislation to transfer control of the Pentagon Complex is enacted, then DoD will cease all payments (Rent) to the Federal Building Fund for the Pentagon Complex and will seek from Congress any funding DoD believes necessary for the operation, maintenance, repair (recurring and non-recurring), and protection of the Complex. In the event the proposed legislation is not enacted, funding will be in accordance with paragraph 4.

No listed facilities covered under the Delegation other than the Pentagon Complex will be affected by this transfer.

4. Resources Management

A. Funding for Building Operations:

(1) DoD will pay the full Rent. Concurrent with DoD's rent payment to GSA, a funds transfer will be made by GSA to DoD to provide for the delegated operational, maintenance, repair, alteration and protection responsibilities. The amount transferred will be in accordance with authorized funding levels for the operation and repair of delegated buildings and will approximate the amount that would otherwise have been allowed GSA for accomplishing the delegated functions.

(2) The procedure for determining the initial funding level is shown in Appendix II, Figure A. The amount(s) to be transferred is shown in Appendix II, Figure B. If the delegation is effected after the start of a fiscal year, the amount(s) transferred will be adjusted accordingly.

(3) In subsequent fiscal years, DoD will submit an estimate and appropriate justification to GSA, Central Office, for funds transfer in accordance with a GSA, Central Office, budget call to be issued at least 18 months prior to the beginning of the fiscal year. GSA Central Office, will incorporate the appropriate standard level requirements within its annual budget submission to the Office of Management and Budget(OMB).

(4) Should actions be taken in Congress or OMB which increase or decrease the funds available to GSA for building operation and repair, GSA, Central Office, will make a proportionate increase or decrease in the amount available to DoD consistent with Congressional/OMB intent in making the increase/decrease.

B. Resources to be Transferred:

(1) The delegated building(s) and associated equipment, supplies, and records shall be transferred to DoD in their existing condition. No additional funding will be transferred in excess of normal operating funds outlined in Paragraph 4.A., above. However, projects underway as detailed in Paragraph 5.D(7) will be completed by GSA at GSA expense. All costs for operation of the buildings obligated up to the effective date of the delegation will be paid by GSA.

(2) With the approval of the Director, Office of Management and Budget, as indicated below, and as required by Section 205(f) of the Federal Property and Administrative Services Act of 1949, this delegation further provides for the transfer of appropriate direct, reimbursable and support FTE ceiling positions allocated to the building(s) by GSA. The total number of FTE positions to be transferred is shown in Appendix III, Figure A.

(3) GSA will list all shop equipment, tools, furniture, and cupboard stock, on-hand and on-order to be transferred to DoD. Cupboard stock will be maintained by GSA at normal operating levels up to effective date of delegation. (See Appendix III, Figure B).

(4) Information Systems (except for Stride C3 equipment) providing administrative or managerial support to delegated buildings will be transferred to DoD, if they can be integrated within existing DoD systems. All records and equipment to be transferred will be current, with the most recent changes incorporated.

C. Financial Accounting Requirements:

DoD shall submit, annually, a cost accounting statement prepared in the format shown in Appendix IV, Figure A for standard level services. Definitions of the functions are contained in Appendix IV, Figure B. Object class definitions are prescribed in OBM Circular A-11. The cost accounting statement should be prepared on an accurual bases reflecting the costs of goods or services received during the period as provided for in the Budget and Accounting Procedures Act of 1959 (P.L. 863). An appropriate DoD financial officer shall certify that this statement is complete and accurate.

Records:

(1) DoD may have access to all historical records retained by GSA which pertain to the operation of the delegated building(s).

(2) DoD shall maintain program and financial records in accordance with its directives and regulations.

5. Program Responsibilities and Limitations:

This paragraph contains, by program areas, definitions and DoD responsibilities and limitations pertaining to the delegation. In leased buildings, the requirements of paragraphs 5.A through H apply only to the extent that the respective requirements are not the responsibility of the lessor under the terms of the lease agreement. GSA reserves the right to inspect the delegated building(s) and any DoD records pertaining to this delegation at any time during the term of the delegation. To the extent resources are available, GSA will perform, on a reimburable basis, any service provided prior to delegation.

A. Cleaning:

DoD is responsible for establishing a cleaning and grounds maintenance program to provide a healthful and attractive environment, and to preserve and protect interior finishes and landscaping. This program shall include janitorial services, pest control, trash removal, landscape maintenance, snow removal, and the like and will be performed to at least the same level and extent as previously accomplished by GSA.

B. Operation and Maintenance:

(1) All mechanical, electrical, and utility systems in the delegated building(s) shall be operated in accordance with energy conservation guidelines as prescribed in DoD regulations, provided they are consistent with the FPMR. All available architectural, structural, mechanical, and electrical drawings for the delegated building(s) and its operating systems are listed in Appendix V.

(2) DoD is responsible for establishing a preventive maintenance (PM) program for all building operating equipment. Establishment of such a program will require a complete inventory of the equipment to be maintained, with identification of maintenance to be performed and frequencies. Maintenance shall be done in accordance with industry, manufacturers', or GSA standards. DoD will provide to GSA a copy of the program, and GSA may submit comments on the program to DoD for consideration. All PM must be performed in accordance with the program. Records of PM accomplishment must be maintained and are to be made available to GSA for inspection.

(3) DoD is responsible for the maintenance, recurring repair, alarm monitoring and testing, and telephone line charges for fire and water flow alarm systems installed in the delegated building(s).

C. Utilities:

(1) DoD must develop an energy management and conservation plan.

(2) Beginning with the effective date of this delegation, DoD shall be responsible for payment of all utility and fuel bills (including natural gas, coal, steam, chilled water, oil, electricity, and water/sewage). GSA and DoD will jointly notify the responsible utility companies of the transfer of billing at least 10 work days prior to the effective date of the delegation. DoD shall retain copies of all utility bills, including inter-agency billings. The bills will be made available to GSA upon request.

(3) In delegated building(s) receiving steam or chilled water from another GSA-operated or -delegated facility (see Appendix VI, Figure A), DoD shall reimburse the supplying agency on a quarterly basis for the cost of producing the utility. The steam rate(s) is shown in Appendix VI, Figure A; the cost of providing chilled water will be determined on the basis of meter readings from BTU meter(s) in the supply line(s), applied to the formula provided in Appendix VI, Figure B. The supplying agency will be responsible for furnishing, installing, calibrating, repairing, and replacing the meter(s). The supplying agency will also be responsible for computing the quarterly cost(s) and for billing DoD.

(4) DoD will be responsible for reading all utility meters on a monthly basis and forwarding readings to the supplying agency within 10 days following the end of each month.

(5) The supplying agency in Paragraph (3), above, is entitled to verify meter readings and make utility billing adjustments, as appropriate.

(6) DoD shall be responsible for the maintenance and for recurring repairs of all electrical transformers and high tension switchgear. DoD shall also be responsible for complying with the EPA's Final Rule on Polychlorinated Biphenyls (PCBs) in electrical transformers (40 CFR Part 761), as published in the Federal Register on July 17, 1985. GSA shall be responsible for replacement or retrofill of electrical transformers containing PCBs; and disposal of

8. Evaluation:

Effectiveness of the building delegation program will be evaluated on a continuing basis. The evaluation will include review/analysis of cost reports, random on-site inspections, and meetings with agency officials. A formal evaluation will be conducted at least biennially, using guidelines set forth in Appendix XI. The biennial evaluation will be presented to DoD for comment prior to final issuance; DoD will be given at least 30 days to submit comments which will be incorporated into the final evaluation report. DoD is encouraged to conduct a periodic assessment of its buildings operations program and provide a copy to GSA for information.

9. Term of Delegation:

The delegation of locations within the National Capital Region shall be effective on October 1, 1987, and shall remain in effect through September 30th of the fifth full fiscal year. Those locations outside of the National Capital Region shall be effective on or about January 1, 1988 and shall remain in effect for five full fiscal years. The expiration date shall be contingent upon the actual effective date of the delegation. All delegations shall remain in effect unless terminated, in whole, or in part, under the provisions of paragraph 7.

DELEGATED BY: T C Golden September 23, 1987
ADMINISTRATOR OF GENERAL SERVICES DATE

DELEGATED TO: William H. Taft 29 SEP 1987
DEPUTY SECRETARY OF DEFENSE DATE

Administrator
General Services Administration
Washington, DC 20405

June 12, 1987

Dear Mr. Cooke:

Thank you for your recent letter regarding the proposed direct acquisition of architectural/engineering (A/E) services by the Department of Defense (DOD) for modernization of the Pentagon.

I agree that the process of selecting an A/E firm of record for the project should be started now. As we move toward agreement on the DOD building delegation, it is in the best interest of all concerned to have your agency directly acquire the design services for the Pentagon modernization project.

This letter grants the Secretary of Defense the authority to procure A/E services for modernization of the Pentagon. This authority is conveyed to the Administrator of General Services under Section 10 (a) of the Public Buildings Act of 1959, as amended (40 U.S.C. 609).

Procurement of A/E services for construction or alteration of public buildings is governed by Public Law 92-582. Your A/E procurement action for the project should be conducted accordingly, and should be in compliance with applicable provisions of the Federal Acquisition Regulations. Any requirements for participation or involvement of the General Services Administration (GSA) in the design phase of the project will be in accordance with the terms of the impending building delegation.

I have designated Mr. Walter E. Huber, Director, Capital Improvements Division, to serve as a point of contact in GSA for any technical assistance you may require. Your officials responsible for the project may reach Mr. Huber by telephone on 472-4550.

There will be many challenging problems ahead in securing approvals, planning, and implementing modernization of the Pentagon. Please contact me at any time if I may be of assistance.

Sincerely,

TC Golden

Terence C. Golden

Mr. David O. Cooke
Deputy Assistant Secretary
for Administration
Department of Defense
Washington, DC 20301-1155

Mr. LOWERY. A final question here. There was $35.5 million requested for phase one construction in fiscal year 1991. That was in the GSA budget for a new heating and refrigeration plan. Was this coordinated with the Department, and in your opinion do you believe the full $35.5 million can be spent during the next fiscal year?

Mr. COOKE. This was uncoordinated with the Department. As I said, we estimate $63 million in '92, and the Congress has appropriated or agreed to the four million dollars for the design of the heating plant already and a design contract is about ready to be awarded to an Architect/Engineer firm.

Mr. LOWERY. Well I tell you, it is a little confusing sitting on both committees and seeing both agencies requesting similar monies for the same thing. And it is a little disconcerting from a Congressional viewpoint as to who is on first. Now, maybe a lot has changed in the several weeks since our hearing with the General Services Administration with Mr. Austin, but I don't have a nice, warm, secure feeling inside that we've got our act together in the Executive Branch on what we are going to do with that five-sided building across the river.

Mr. COOKE. Mr. Lowery, I can only quote the report that is going to be submitted. And again let me reiterate, if I can find it in a hurry, the last page, which says "The proposal has been given careful, serious consideration by the administration. It is the position of the administration that custody, jurisdiction, control of the Pentagon be transferred to DOD."

That document, dated March 8th, 1990 was recommended by the Commissioner of Public Building Service and approved by the Acting Administrator of GSA.

Mr. LOWERY. Well, if you just as quickly as possible could find in written form the agreement you had with Terry Golden, I would appreciate receiving that. Thank you.

Thank you, Mr. Chairman.

Mr. COOKE. Certainly.

Mr. HEFNER. Do you have the authority to withhold further payments to GSA?

Mr. COOKE. No, we do not.

Mr. HEFNER. We have other questions that we will submit for the record, and we will try to keep our ear to the ground. We do not like these jurisdictional fights, and it seems to me that it is a very simple thing. It seems to me it would be beneficial for GSA to get out because they would run into all sorts of trouble, in my view, getting the appropriations and authorizations. Given the budget constraints we have, it would probably be, even though it is going to cost us a few bucks in our committee here—the right thing to do.

Mr. COOKE. As I said, we think we can fund the renovation by taking the money that we would have paid in any event to GSA, which is more than we would expect to get back for the maintenance and rehabilitation of the Pentagon. We would take money, put it in the revolving fund, and our funding profile shows that over about 14 years we will pay for the renovation.

Mr. HEFNER. We would hope that it would work that way.

Mr. **Cooke**. We hope it works that way too. I am not going to guarantee 14 years from now I will be back saying it did or it didn't. But I hope you will be here at that time, Mr. Chairman.

Mr. **Hefner**. Thank you.

Mr. **Cooke**. Thank you very much.

Mr. **Hefner**. The committee stands adjourned.

[Clerks's note.—Questions for the record submitted by Chairman Hefner.]

TOTAL COST OF RENOVATION

Question. Does that amount include design?

Answer. Yes, the total estimated renovation cost of $1.1 billion includes both design costs and supervision and administration costs.

Question. Does it include the Heating and Refrigeration Plant?

Answer. Yes, the total estimated renovation cost includes the cost of constructing a new Heating and Refrigeration Plant at the Pentagon to serve the Pentagon, Federal Building #2 and Henderson Hall.

Question. Does it include any leased space during renovation?

Answer. No, the total estimated renovation cost does not include the cost of leased swing space. The amount of leased swing space required will be identified during the next phase of design. As an order of magnitude, we are estimating that leased swing space may cost a total of about $70 million.

FUNDING PROFILE

Question. What is your current projection of the funding profile for the entire project?

Answer. The funding profile for the entire Pentagon renovation project, including the new Heating and Refrigeration Plant, has been estimated at an order of magnitude level. Since the renovation has yet to be designed and the project will have a multi-year duration, the order of magnitude level of funding is the best estimate that can be made at this time.

[Chart showing Funding Profile follows:]

PENTAGON RENOVATION—PROPOSED FUNDING PROFILE

[In millions of dollars]

	Fiscal year—										
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
Dsn	2.3	10.0	4.6	7.7	8.5	8.8	5.8	7.4	11.0		66.1
Const				106.0	118.0	131.0	136.0	89.0	114.0	171.0	865.0
S&A (COE)				4.3	4.7	5.3	5.5	3.6	4.6	7.0	35.0
Subtotal				110.3	122.7	136.3	141.5	92.6	118.6	178.0	900.0
DsnHP	4.0										4.0
HP Con.			60.0								60.0
HP (S&A COE)			3.0								3.0
Subtotal			63.0								63.0
Total	6.3	10.0	67.6	118.0	131.2	145.1	147.3	100.0	129.6	178.0	1,033.1

PENTAGON RENOVATION—PROPOSED FUNDING PROFILE—Continued

[In millions of dollars]

	Fiscal year—										
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
Lease		11.0	14.0	12.0	12.0	12.0	9.0				70.0

ENHANCEMENTS

Question. Upon completion, what percent of this project would be for improved or enhanced capabilities, and what percent would be for maintaining current capabilities?

Answer. The renovation of the Pentagon does not include maintaining current capabilities in the building. Rather, the total infrastructure will be improved to support today's highly automated office environments. The plan for the renovation does, however, include improvements to the building in order to increase efficiencies of space usage, provide better vertical circulation, enhance security and separate maintenance activities from office functions. At an order of magnitude, these improvements are estimated to account for about seven percent of the total project cost.

FISCAL YEAR 1991 GSA BUDGET

Question. Has GSA committed itself to a vigorous pursuit of this request?

Answer. Although the GSA FY 91 budget included funds for design of the renovation, now that the Administration is supporting the transfer of the Pentagon Reservation to the Department of Defense, presumably GSA will request the application of those funds to another project.

Question. Is this amount about equal to the excess annual payments from DoD to GSA for space rental and related costs at the Pentagon?

Answer. Yes, the amount is about equal to the excess annual payment.

Question. What is your estimate of the excess amount deposited by DoD into GSA's Federal Buildings Fund for the Pentagon since the Fund was established in 1975? Does GSA dispute your estimate?

Answer. DoD has deposited into the Federal Buildings Fund an estimated $250 million more for the Pentagon Reservation than was used by GSA to operate, maintain, repair and protect the Pentagon Reservation. To our knowledge, GSA does not dispute this estimate.

MORATORIUM ON FURTHER PAYMENTS TO GSA

Question. Mr. Cooke, would you care to comment on proposals to finance the Pentagon rehab by withholding payments to GSA for all facilities used by DoD in the Washington, D.C. area until the work is complete? What is OMB's view?

Answer. The DoD plan to finance the Pentagon renovation does not include withholding payments to GSA for all facilities used by

DoD in the Washington, D.C. area until the work is completed. Such a plan to withhold all payments would be unnecessarily burdensome, would require GSA and the Federal Buildings Fund to pay for DoD space and could result in GSA declining to provide DoD space absent a commitment for payment. The DoD plan for financing the Pentagon renovation suggests the establishment of a revolving fund into which would be deposited the monies DoD would have paid GSA for the Pentagon Reservation. Order of magnitude estimates show that under such a concept, the amount deposited in the fund over a little more than twelve years would cover all operations, maintenance, protection, renovation, construction and the new heating plant. To be on the conservative side, and with the understanding that the numbers are order of magnitude, the fund would recover all costs of renovation in about 14 years. For the record, this analysis is provided. The Office of Management and Budget advises that there are no objections to the presentation of this proposal to the Congress. The legislation includes establishing a fund as described in the analysis on funding requirements.

[Chart showing funding requirements follows:]

PENTAGON RENOVATION

FUNDING REQUIREMENTS

Under the DOD proposal, the monies that would have been paid to the General Services Administration (GSA) for the Pentagon Reservation (RENT) are placed in a fund and used for operation, maintenance and protection of the Pentagon and FB-2 and for renovation of the Pentagon and construction of a new heating plant. The estimates shown below are order of magnitude stated in millions of dollars. The table presumes that the RENT payments that would have been made to GSA are deposited in the industrial fund for the duration of the renovation and for the additional time it will take to recapture the costs that in the early years of renovation will be more than the RENT payments.

	RENT	O&M	EXCESS	PRIOR YEARS	TOTAL FUNDS	MILCON	CARRY OVER	BUDGET
FY 91	82.2	49.6	32.6	0.0	32.6	10.0	22.6	0.0
92	100.8	52.1	48.7	22.6	71.3	67.6	3.7	0.0
93	103.3	54.7	48.6	3.7	52.3	118.0	-65.7	65.7
94	105.9	54.7	48.5	0.0	48.5	131.2	-82.7	82.7
95	103.2	53.3	49.9	0.0	49.9	145.1	-95.2	95.2
96	110.8	55.4	55.4	0.0	55.4	147.3	-91.9	91.9
97	134.7	53.6	81.1	0.0	81.1	100.0	-18.9	18.9
98	153.8	55.4	98.4	0.0	98.4	129.6	-31.2	31.2
99	172.2	63.2	109.0	0.0	109.0	178.0	-69.0	69.0
00	184.9	65.7	119.1	0.0	119.1	0.0	119.1	0.0
01	205.4	75.8	129.6	119.1	248.7	0.0	248.7	0.0
02	234.3	79.6	154.7	248.7	403.4	0.0	403.4	0.0
03	240.1	83.6	156.5	403.4	559.9	0.0	559.9	0.0
04	246.1	87.7	158.4	559.9	718.3	0.0	718.3	0.0
TOTAL	2177.6	887.1	1290.5			1026.8		454.6

This table shows that during the actual renovation period the additional MILCON funds required for the renovation would not exceed $96 million in any one year. This table also shows that the amount deposited in the fund over a little more than twelve years would cover all operations, maintenance, protection, renovation, construction and the new heating plant. And that when the cost to lease swing space is included, all costs would be covered in about thirteen years.

The total cost to DOD would be:

RENT	$ 2,177.6
BUDGET	454.6
SUBTOTAL	$ 2,632.2
LESS FY-2004 CARRY OVER	718.3
TOTAL COST	**$ 1,913.9**

This estimate does not include the cost to rent leased swing space because the exact amount of space and the leasing time required is part of the refinement of the Concept Plan. We estimate this cost may approach $70 million. At the end of fourteen years there would be a balance in the fund of **$263.7 million** after covering the budgeted requirements.

Notes:

RENT	- Estimated amount deposited to the fund.
O&M	- Estimated amount required for operation and maintenance.
EXCESS	- Estimated amount of RENT not required for O&M of the Pentagon Reservation.
PRIOR YEARS	- Estimated amount of the RENT payment that could carry over from prior years.
TOTAL FUNDS	- Estimated total funds available combining the excess payment and prior years funds.
MILCON	- Estimated amount of design and construction funds required for the renovation project.
CARRY OVER	- Amount of funds available to carry forward after taking out required design and construction funds.
BUDGET	- The estimated amount of funds required to be budgeted above the RENT amount.
FY-93-2000	- During this period, space will be under renovation and will neither generate RENT nor require O&M. The estimates have been adjusted to account for this fact. Additional space (the Logistics Support Extension and improved efficiencies) will be added during the renovation and the RENT for this space is included in the estimates. Furthermore, the renovated space is presumed to have both a higher market value than the space not renovated and to cost less to operate and maintain. These factors are also included in the estimates.

Question. Could this be accomplished by simply transferring the budget request from the O&M accounts to the MilCon account?

Answer. Over a total period of about 14 years, the MilCon requirement would be offset by the payments made for the Pentagon Reservation. In other words, the renovation of the Pentagon is expenditure neutral, a zero sum game, over the 14 year period, the payments that would have been made to GSA and instead are deposited in the renovation account will cover all costs, as discussed above. As an additional note, the total appropriated MilCon funds required under this concept, as shown on the Funding Requirements Chart would be $454.6 million. Furthermore, this $454.6 million would be offset within two years following completion of the renovation.

COMMENT ON GSA'S STEWARDSHIP

Question. Can you track what has happened to all the excess funds that DoD has paid to the Federal Buildings Fund through GSA?

Answer. No, the excess funds paid by DoD are comingled with the deposits of all other Cabinet Departments and Independent Agencies. The funds from one organization cannot be tracked to any specific project or payment.

Question. Has OMB decided to let GSA off the hook, and to make DoD eat the cost?

Answer. No, as discussed above, the renovation of the Pentagon can be paid for over a 14 year period by the amount that DoD would have paid to GSA had the building stayed with GSA.

JURISDICTION

Question. Is GSA planning a temporary delegation of authority to DoD for the duration of renovation, or a permanent transfer of jurisdiction?

Answer. The legislation proposed by the Administration would result in the permanent transfer of jurisdiction over the Pentagon Reservation to the Department of Defense.

Question. Technically, what are the statutory mechanics of transferring jurisdiction?

Answer. The method of transferring jurisdiction is a general provision in the Military Construction Authorization Bill, Fiscal Year 1991, that will transfer jurisdiction, custody, and control of the Pentagon Reservation to the Department of Defense.

BUDGET PRIORITIES

Question. Will the renovation of the Pentagon be competing with all of the Department's facility needs, as well as with readiness and sustainability, or will it go to the head of the line?

Answer. The Defense Budget is developed recognizing that the total resource level is finite. Since this resource level is finite, to the extent one program or project is funded, another may not be funded; in this regard, the renovation of the Pentagon will compete for a share of these finite resources.

MORATORIUM ON CONTRACT AWARDS

Question. The Secretary's moratorium on contract awards is delaying the execution of your design contracts. Have you sought an exemption?

Answer. Yes, the request for an exemption was submitted. However, on March 21, 1990 an exemption from the moratorium was granted to projects projected for FY 92 MilCon funding.

Question. Does the moratorium reduce the requirement for fiscal year 1991 design funds?

Answer. No, the moratorium does not effect our request for fiscal year 1991 design funds.

FISCAL YEAR 1990 APPROPRIATION

Question. Last year we appropriated $4 million for planning and design of a replacement heat and refrigeration plant for the Pentagon Complex. What is the status of this work?

Answer. The design of the new Heating and Refrigeration Plant at the Pentagon was on hold pending relief from the moratorium. On March 21, 1990 an exemption from the moratorium was granted for those projects planned for MilCon funding in FY 92. A design firm has been selected, a contract has been negotiated and the firm will be directed to start work shortly. The new Heating and Refrigeration Plant will be at 35% design in late fall 1990.

GSA-FUNDED DESIGN

Question. How much was provided to GSA for design work at the Pentagon in fiscal year 1990, and how does this funding relate to your own MilCon funding?

Answer. No funds were provided to GSA for design of the renovation of the Pentagon in fiscal year 1990. In June of 1987, GSA delegated to DoD the authority to proceed with design of the renovation.

Question. Is there any overlap or duplication of design work between DoD and GSA.

Answer. No, DoD is the only organization undertaking design of the renovation of the Pentagon. All studies and analyses done by GSA were based on the work performed by DoD.

FISCAL YEAR 1991 PLANNING AND DESIGN

Question. What specific work will be financed by your $10 million request for planning and design?

Answer. The $10 million request for planning and design will fund the prototypical design of major building systems, block heating and air-conditioning loads, prototypical design of office and special purpose areas, establish renovation standards and criteria, refinement of the construction phasing plan, concept design and design through tenatives of the logistics suport extension, and detailed swing space analysis.

Question. How much will be required in total for planning and design of the renovation? Is the 1991 budget request merely a "wedge" of this total requirement?

Answer. Total planning and design costs for the renovation of the Pentagon are estimated at $66 million in escalated dollars. This includes $2.3 million in prior years money, the $10 million requested for FY 91 and estimates for out year requests.

FIVE-YEAR DEFENSE PLAN

Question. Will the next five year defense plan (fiscal years 1992–1997) include this renovation, or is it too soon to tell?

Answer. The renovation of the Pentagon was in the last five year plan and will be submitted for inclusion in the 1992–1997 five year plan. This plan has not yet been approved, so it is too early to say if the Pentagon renovation will be included.

SWING SPACE

Question. Your plan calls for a 450,000 square foot extension (out from the Mall Terrace) which would provide "swing space" while the renovation proceeds. What is your estimate of any need for leased swing space, beyond this extension?

Answer. The proposed mall extension will be tucked into the landscape so as not to be intrusive on the monumental core of Washington. The primary purpose of constructing the mall extension is to remove industrial functions from the Pentagon, improve security by centralizing deliveries and eliminating penetration of the security perimeter of the Pentagon. An additional benefit of the mall extension is providing swing space during the renovation. Preliminary estimates show that there may be a requirement to lease up to 350,000 square feet of additional swing space during the renovations.

Question. Would the extension be temporary or permanent?

Answer. The mall extension is a permanent facility for the industrial functions (shops, printing areas, laboratories and the like) as well as all deliveries.

[CLERK'S NOTE.—End of questions submitted by Chairman Hefner.]

[CLERK'S NOTE.—The following information was provided to the committee subsequent to the hearing.]

PENTAGON RENOVATION PLAN

PLAN REFINEMENTS

The recommended concept plan for the renovation of the Pentagon prepared by the Architect/Engineer firm of Howard, Needles, Tammen and Bergendoff was adopted as the basic renovation plan by the Department in July 1989. The final report, reflecting minor corrections was submitted in December of 1989.

The recommended plan proposed renovation of the Pentagon in five wedges, matching to the extent possible the infrastructure of the building. Preceding the renovation of the building proper, the plan proposed the construction of a Logistics Support Extension, depressed below the grade of Washington Blvd. and extending out from the Mall entrance to the Pentagon. This extension would allow the relocation of industrial functions in the building, along with hazardous uses and all shipping and receiving. The relocation of these functions would improve safety and enhance security.

As part of the plan, the areas vacated by relocating to the Extension would be used for swing space, vacating the wedges in the building that would under go renovation.

The refinements to the plan include separating the basement out of the general renovation and treating this area as an independent project. This refinement was made because the basement area as been designated for reuse by the command centers, and their special requirements may result in a longer construction duration that the general purpose office space. The order of renovating the wedges has been changed from the recommended renovation plan so that the two wedges with the most general purpose space are renovated first, with the more difficult areas placed later in the renovation cycle.

The reordering of the wedges and undertaking the basement as an independent project changes the funding profile. Furthermore, the recommended plan presumed a construction start in FY 1992 with a 7 1/2 year construction duration. Refinements to the plan now presume a construction start in FY 1993 and an 8 year construction duration.

The funding profile included herein is adjusted for these refinements along with higher costs for the basement and the addition of site work.

All cost estimates are by necessity order of magnitude estimates since the renovation as yet to be designed and the years of construction start are still projections.

Pentagon Renovation

3- 8-90

Proposed Funding Profile
($ Millions)

	FY'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	Tot.
Dsn	2.3	10.0	4.6	7.7	8.5	8.8	5.8	7.4	11.0	-	66.1
Const	-	-	-	106.0	118.0	131.0	136.0	89.0	114.0	171.0	865.0
S & A (COE)				4.3	4.7	5.3	5.5	3.6	4.6	7.0	35.0
Subtotal				110.3	122.7	136.3	141.5	92.6	118.6	178.0	900.0
DsnHP	4.0										4.0
HP Con.			60.0								60.0
HP(S&A COE)			3.0								3.0
Subtotal			63.0								63.0
Total	6.3	10.0	67.6	118.0	131.2	145.1	147.3	100.0	129.6	178.0	1,033.1
Lease	-	11.0	14.0	12.0	12.0	12.0	9.0	-	-	-	70.0

PENTAGON RENOVATION

FUNDING REQUIREMENTS

Under the DOD proposal, the monies that would have been paid to the General Services Administration (GSA) for the Pentagon Reservation (RENT) are placed in a fund and used for operation, maintenance and protection of the Pentagon and FB-2 and for renovation of the Pentagon and construction of a new heating plant. The estimates shown below are order of magnitude stated in millions of dollars. The table presumes that the RENT payments that would have been made to GSA are deposited in the industrial fund for the duration of the renovation and for the additional time it will take to recapture the costs that in the early years of renovation will be more than the RENT payments.

	RENT	O&M	EXCESS	PRIOR YEARS	TOTAL FUNDS	MILCON	CARRY OVER	BUDGET
FY 91	82.2	49.6	32.6	0.0	32.6	10.0	22.6	0.0
92	100.8	52.1	48.7	22.6	71.3	67.6	3.7	0.0
93	103.3	54.7	48.6	3.7	52.3	118.0	-65.7	65.7
94	105.9	54.7	48.5	0.0	48.5	131.2	-82.7	82.7
95	103.2	53.3	49.9	0.0	49.9	145.1	-95.2	95.2
96	110.8	55.4	55.4	0.0	55.4	147.3	-91.9	91.9
97	134.7	53.6	81.1	0.0	81.1	100.0	-18.9	18.9
98	153.8	55.4	98.4	0.0	98.4	129.6	-31.2	31.2
99	172.2	63.2	109.0	0.0	109.0	178.0	-69.0	69.0
00	184.9	65.7	119.1	0.0	119.1	0.0	119.1	0.0
01	205.4	75.8	129.6	119.1	248.7	0.0	248.7	0.0
02	234.3	79.6	154.7	248.7	403.4	0.0	403.4	0.0
03	240.1	83.6	156.5	403.4	559.9	0.0	559.9	0.0
04	246.1	87.7	158.4	559.9	718.3	0.0	718.3	0.0
TOTAL	2177.6	887.1	1290.5			1026.8		454.6

This table shows that during the actual renovation period the additional MILCON funds required for the renovation would not exceed $96 million in any one year. This table also shows that the amount deposited in the fund over a little more than twelve years would cover all operations, maintenance, protection, renovation, construction and the new heating plant. And that when the cost to lease swing space is included, all costs would be covered in about thirteen years.

The total cost to DOD would be:

RENT	$ 2,177.6
BUDGET	454.6
SUBTOTAL	$ 2,632.2
LESS FY-2004 CARRY OVER	718.3
TOTAL COST	**$ 1,913.9**

This estimate does not include the cost to rent leased swing space because the exact amount of space and the leasing time required is part of the refinement of the Concept Plan. We estimate this cost may approach $70 million. At the end of fourteen years there would be a balance in the fund of **$263.7 million** after covering the budgeted requirements.

Notes:

RENT	- Estimated amount deposited to the fund.
O&M	- Estimated amount required for operation and maintenance.
EXCESS	- Estimated amount of RENT not required for O&M of the Pentagon Reservation.
PRIOR YEARS	- Estimated amount of the RENT payment that could carry over from prior years.
TOTAL FUNDS	- Estimated total funds available combining the excess payment and prior years funds.
MILCON	- Estimated amount of design and construction funds required for the renovation project.
CARRY OVER	- Amount of funds available to carry forward after taking out required design and construction funds.
BUDGET	- The estimated amount of funds required to be budgeted above the RENT amount.
FY-93-2000	- During this period, space will be under renovation and will neither generate RENT nor require O&M. The estimates have been adjusted to account for this fact. Additional space (the Logistics Support Extension and improved efficiencies) will be added during the renovation and the RENT for this space is included in the estimates. Furthermore, the renovated space is presumed to have both a higher market value than the space not renovated and to cost less to operate and maintain. These factors are also included in the estimates.

THURSDAY, MARCH 29, 1990.

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

WITNESSES

HON. SHERWOOD BOEHLERT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

JODY NYALKO, NATIONAL MILITARY FAMILY ASSOCIATION

CHARLES SCHRIBER, NATIONAL GUARD ASSOCIATION

HON. JOHN E. PORTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

HON. GEORGE E. BROWN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

HON. JIM LIGHTFOOT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

HON. FRANK PALLONE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

KIRK FORDICE, PRESIDENT, ASSOCIATED GENERAL CONTRACTORS

SGT. MAJ. C.A. (MACK) McKINNEY, USMC (RETIRED), NONCOMMISSIONED OFFICERS ASSOCIATION

HON. LEON PANETTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

HON. AL SWIFT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

MAJ. GEN. EVAN L. HULTMAN, AUS (RETIRED), RESERVE OFFICERS ASSOCIATION

STATEMENT OF THE CHAIRMAN

Mr. HEFNER. The committee will come to order. Today, the committee will be hearing from Members of Congress and also from interested individuals and organizations. In order to accommodate anyone who wishes to submit a statement, I will ask that the record remain open for the next two weeks. The first witness this morning will be Mr. Sherwood Boehlert from New York. If you have a statement for the record, you can summarize. We are happy to have you with us today.

STATEMENT OF HON. SHERWOOD BOEHLERT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

GRIFFISS AIR FORCE BASE

Mr. BOEHLERT. Thank you very much, Mr. Chairman. I will summarize it since the full statement will be in the record. But, essentially, all I'm asking is that two very important military construction projects be moved up in fiscal year 1992 to fiscal year 1991. They were originally programmed for fiscal year 1990, but were delayed pending the Air Force decision on what to do with Griffiss Air Force Base. The decision has been made to upgrade from B–52–G's to B–52–H's. So the two projects that I am urging to be moved up in the MCP to the one currently under discussion involve $4.5 million. One project is rebasing munitions storage, and the other one is rebasing additional alteration intricate maintenance facility. The sum and substance of the whole pitch to you, Mr. Chairman, and the Members of the committee is that we are proceeding with the upgrading of the B-42's from G's to H's, and it is going to take sometime to get these two projects in place. We want them in place to save time in the aircraft that are assigned there so there will not be any lapse in the mission, ability to form the mission.

Mr. HEFNER. The Armed Services Committee did not authorize these even though the Department requested the funding. Do you think you ought to be able to convince the——

Mr. BOEHLERT. I do think that, Mr. Chairman. I have already talked with the committee. Ms. Schroeder and Mr. Martin are understanding of this request.

Mr. HEFNER. This committee has a history, and I think Mr. Lowery will back me up, of being very appreciative of Members' concerns when we possibly can be. So if you can get this authorized, I have an idea this committee can't give you an "it's in the bank" thing. But I think we would look kindly on projects such as this.

Mr. BOEHLERT. Thank you very much.

[The information follows:]

Mr. Chairman, Members of the Committee, I appreciate this opportunity to appear before you and let you know of my strong support for two very important improvement projects at Griffiss AFB, New York, which were originally programmed in the FY 90 MCP (but were deferred when Air Force delayed the planned conversion from B-52G to B-52H bombers), are currently programmed for the FY 92 MCP, but need to be moved up and properly placed in the FY 91 MCP. The two projects are the Strategic Air Command (SAC) rebasing munitions storage igloos ($2.2M), and the SAC rebasing addition/alteration integrated maintenance facility ($2.3M).

The first project would accommodate storage of air launched cruise missiles (ALCM) mounted on common strategic rotary launchers (CSRL) and advanced cruise missiles (ACM) mounted on underwing pylons. These two igloos along with the ten already in place and five smaller storage facilities previously used by TACS 49th FIS, would provide adequate storage for the number of cruise missiles required to outfit a B-52H wing of 13 aircraft. The project also includes a convoy road to allow for transport of weapons to and from the five small storage facilities previously used by TAC. Without the two additional igloos and accessibility to the five small ones, we would have a shortage of storage space for almost one-fifth of the unit's required weapons (13 B-52H aircraft assigned).

The second project will provide an addition to the existing cruise missile integrated maintenance facility (IMF) to allow for maintenance of the common strategic rotary launcher and advanced cruise missle. The existing integrated maintenance facility allows for mating of air launched cruise missiles to underwing pylons; however, it cannot support the mating of air launched cruise missiles to the common strategic rotary launcher (ceiling not designed to supoort mating frames.) It also cannot support the mating of advanced cruise missiles to underwing pylons. The B-52H weapons loadout plan calls for advanced cruise missiles on underwing pylons and air launched cruise missiles in the bomb bay of the common strategic rotary launcher. The current Griffiss integrated maintenance facility will not be capable of supporting this weapons configuration. Without the capability to place cruise missiles onto launchers, the B-52H squadron will not be able to carry nuclear weapons.

I suspect that the immediate question that comes to mind is: What's the hurry? If these projects are funded as currently programmed in the FY 92 MCP, the buildings won't be operational until FY 94. The B-52H aircraft (conversion of B-52G to H), requiring these facilities, will be in place at Griffiss AFB by the beginning of FY 92. That leaves a gap of two years.

I hope you will agree with me that we need the operational facilities to support the B-52H at the same time the aircraft are scheduled to arrive. Delays in construction of these projects could have an adverse affect on B-52H mission preparedness.

Mr. HEFNER. Mr. Lowery.

Mr. LOWERY. Thank you.

Mr. HEFNER. Our next witness is Jody Nyalko, Housing Specialist for The National Military Family Association. Ms. Nyalko, your prepared statement will be made part of the record, and you can proceed by summarizing your statement. We're happy to have you before the committee.

STATEMENT OF JODY NYALKO, NATIONAL MILITARY FAMILY ASSOCIATION

MILITARY FAMILY HOUSING

Ms. NYALKO. Thank you, sir. Mr. Chairman, you and your Committee have the National Military Family Association's deepest gratitude for your strong leadership in providing a better quality of life for military families. Last year, you almost doubled the funding the Department of Defense requested for Child Development Centers. Your mark-up included funding for substantially more improvements in family housing than DOD had requested. The Air Force "Whole House" program is of particular benefit to military families. Stories of families not being able to move into government quarters one year because kitchens were being remodeled, and then again the next year because the same houses were being air conditioned are all to familiar. The "Whole House" program does all needed repairs, upgrades and maintenance in a given house at one time It has proven to be cost effective and is far less disruptive to the lives of Air Force families.

NMFA is concerned because the DOD construction budget contains no request for Section 6 schools. A 1988 Rand Corporation study clearly showed that one of the main reasons Local Education Authorities did not want these schools was due to their deplorable physical condition. At Fort Stewart, Georgia, the Diamond Elementary School houses 915 students and a structure built for 550. The school is using nine double-wide trailers as classrooms, and the remedial reading class is housed in a deteriorating World War II building. Similar conditions exist at Fort Benning, Georgia. Elementary children attend schools in 14 portable classrooms and one structure built in 1930. If construction for schools in Europe is not going to survive the appropriation process, we earnestly request that the funding be used for these Section 6 schools. NMFA, again, thanks you for your leadership in improving the quality of life of military families.

[The information follows:]

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(703) 823-NMFA

Statement of

JODY NYALKO
Housing Specialist
The National Military Family Association, Inc.

Before the

MILITARY CONSTRUCTION SUBCOMMITTEE
of the
APPROPRIATIONS COMMITTEE
of the
U. S. HOUSE OF REPRESENTATIVES

March 29, 1990

Not for Publication
Until Released by
the committee

The National Military Family Association (NMFA) is a volunteer, non-profit organization composed of members from the seven uniformed services, active duty, retired, and reserve, and their family members and survivors. NMFA is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members. NMFA appreciates this opportunity to express its views.

Mr. Chairman, you and your Committee have NMFA's deepest gratitude for your strong leadership in providing a better quality of life for military families. Last year you almost doubled the funding the Department of Defense (DoD) requested for Child Development Centers and your mark-up included funding for substantially more improvements in family housing than DoD had requested. For every new space in a child care center, another military family will have the affordable, quality care that enables both parents to work. Since studies show that dollars added to the family income by the civilian spouse are as important to the family as an equal amount added to the service member's pay, child care is not just a quality of life item.

Military families who must live in the private sector are now forced to absorb over 20% of their housing costs. In Ventura County California, the family of a Navy Lieutenant Commander who must purchase a home at the median price is paying double his Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA) for that housing. How can any enlisted member's family find housing in a high cost area, no matter what the condition, or how far it is from the duty station?

The military force of the near future will be smaller than the current one. The members of that force must be even more flexible and capable of carrying out more varied missions than at present. To attract and retain personnel able to meet these challenges, the needs and concerns of their families must be addressed. Housing, medical care, child care, and education of their children are all important to today's military families. They will be equally important to the uniformed service family of tomorrow.

Families forced to find housing in the private sector must be able to afford that housing wherever they are stationed. Families living in government quarters should not be subjected to peeling paint, inadequate plumbing, or pre–World War II standards. Antiquated, crowded, or insufficient medical facilities do not meet government obligations. Schools that are overcrowded, lack adequate educational staff, are in deteriorating physical condition, or provide less than a quality education will not be acceptable to a force of the caliber needed to meet future defense requirements.

Families with both parents employed are the norm. Quality, affordable child care is vital. In military families the salary of the spouse provides a higher proportion of total family income than in the families of their civilian peers. That average salary remains under $5,000 annually. Unless the active duty pay gap of over 11% is immediately addressed, the importance of the spouse's income will escalate rapidly.

The National Military Family Association would prefer additional child development centers and more family housing new construction in the FY91 DoD budget request. We do applaud, however, the attempt to begin reducing the shortfalls in maintenance and revitalization of family housing. The requests for construction of new family housing are in areas with desperate needs. Because of quirks in the regulations, lower ranking military families stationed in Hawaii, who live in the civilian community, do not qualify for such programs as food stamps and Women's, Infants and Children's (WIC) feeding programs, even though their peers who are fortunate enough to have government quarters do qualify. These families are in many cases spending over half of their income on housing! Families stationed at Camp Pendleton, Long Beach, and San Diego, California are in much the same sad situation. Expecting Navy families to move to New York City without housing and a quality of life infrastructure in place approaches the ludicrous. The only two areas overseas with requests for new construction of family housing (Guantanamo Bay, Cuba, and Keflavik, Iceland) have long been identified as needing more family housing, and according to the services, this need will not be affected by any draw down of the forces.

NMFA understands the reluctance to authorize new construction in Germany; therefore we strongly support the Army request for increased authority to provide leased housing (which is at no cost to the government). To find housing in the private sector in Germany, military families are often required to pay an unreimbursable *Immobilien* fee equal to six or seven months' rent, in addition to exorbitantly high security deposits. Even the payment of these large fees is no longer enough for the military family to find housing, as the migration of East Germans into West Germany has depleted the supply of housing.

NMFA supports the Army's request for continued funding of their HOMES system, provided it will substantially increase the content and accuracy of information regarding government housing currently available to transferring military families.

The Air Force "Whole House" program is of particular benefit to military families. Stories of not being able to move into government quarters one year because kitchens are being remodeled, and then again the next year because the same houses are being air conditioned are all too familiar. The "Whole House" program does all needed repairs, upgrades, and maintenance in a given house at one time. It has proven to be cost effective and is far less disruptive to the lives of Air Force families.

NMFA continues to support the "Capehart" housing concept as a prudent, cost effective method of obtaining family housing

Improving existing family housing should remain a high priority. A smaller force may mean some families will be required to live in government housing. Military housing must be comparable to that available in the civilian community or disatisfaction will be high.

Child Development Centers at the Pentagon and at Tracy Depot, California, were constructed and are functioning using long term facility contracting. NMFA urges the extension of this program.

The Department of Defense Schools (DoDDs) requested new construction for additions to several schools in Germany, one in the United Kingdom, and one in Rota, Spain. Of the total request, $15.2 million is for hot lunch facilities at 24 schools. The lack of lunchroom facilities has been a continuing problem for military families overseas. Junior and Senior high school students forced to leave the campus for lunch often do not return for afternoon classes. In some elementary schools, the children have no place to eat a cold lunch brought from home. Atterbury Elementary School in Frankfurt is typical of schools where additions have been requested. This school consists of six old metal buildings, one that was a motor pool building, and it has no lunchroom. In Ramstein 2,100 elementary children attend a school that is using 23 prefab buildings. Current educational guidelines recommend elementary schools have student populations of approximately 350. DoDDS has coordinated these school construction requests with CINCUSAREUR and the individual services to ascertain if construction requests for these schools would be affected by anticipated troop withdrawal. The response was that they will not.

NMFA is concerned because the DoD construction budget contains no requests for Section 6 schools. A 1988 Rand Corporation Study clearly showed that one of the main reasons Local Education Authorities did not want these schools was their deplorable physical condition. At Fort Stewart, Georgia, the Diamond Elementary School houses 915 students, although it was built for 550. The school is using nine double-wide trailers as classrooms, and the remedial reading class is housed in a deteriorating World War II building. At Fort Benning, Georgia, elementary children attend school in 14 portables and one building built in 1930.

In conclusion, NMFA again thanks you for your leadership in improving the quality of life of military families. We ask your support for the current DoD construction budget, with particular emphasis on maintaining and improving existing housing. New construction and leasing in those areas where civilian housing is either unaffordable or unavailable is essential. The Air Force "Whole House" revitalization program has our continued support. NMFA supports the DoDDs construction requests and asks that the Committee consider the plight of children attending Section 6 schools.

Mr. HEFNER. We would like to thank you and your organization for your work. We certainly appreciate it in this committee, and we appreciate your kind words. I know it is a labor of love for our service men and women that you do this. I have no questions. We want to thank you for appearing. Mr. Lowery do you have any questions?

Mr. LOWERY. No. I, likewise, want to thank you for your concern. We realize that the quality-of-life issues are quite important for officers and personnel, and it is important from the standpoint of retention of our personnel.

Ms. NYALKO. Thank you.

Mr. HEFNER. I understand we have somebody who can substitute for Mr. Weber. Mr. Charles Schriber. We are happy to have you today. Your entire statement will be part of the record, and you can proceed in any way you see fit. You are here to speak on behalf of the National Guard Association.

STATEMENT OF CHARLES SCHRIBER, NATIONAL GUARD ASSOCIATION

Mr. SCHRIBER. Mr. Chairman, in each of the last few years when we have come to testify before you, we have come to talk about trying to reduce the backlog of military construction projects that we have in both the Army and the National Guard. We believe that is still an important objective. But we think there are some overriding concerns this year. Our first concern is the military construction budget cuts that DOD has taken both out of deferred projects from last year and a reduction of about $50 million each from the Army National Guard and the Air National Guard before sending over the fiscal year 1991 President's Budget Request. As a result of those reductions, the Air National Guard Budget Request is the lowest that has been submitted to the Congress in 11 years. The Army National Guard is the lowest that has been submitted in seven years. We think that we recognize that there is going to be some significant reductions in the Defense budget. But we think a reduction of about 70 percent from fiscal year 1990 to 1991 is not going to be the norm for all the budget request. That leads me into the second concern of the National Guard Association. That, basically, is the future of the National Guard and the Reserve and the total force policies. We support the study that is going on in DOD that was directed by the Congress last year. We are concerned that that study is very significant and extended and may not be done in time to be considered in the preparation of the 1992 budget, which is in process right now. However, we think the ultimate outcome, if they make a deep detailed and a comprehensive study, would be to reaffirm that the policy that has been in effect now for about 28 years has led to the most combat-ready and cost-effective Guard that we have ever had in history. We think that after they are done that by reaffirming that total force policy, that the Guard and Reserve would remain almost constant in force structure that they have now and possible even be a little busted or be added information to the future. We would anticipate some equipment within the current structure. With that basic assumption, over the last two years we have asked the Congress to direct DOD to defer any reductions in the Guard or Reserve until that study is done, until they have examined the threat and the structure for the future and then decide whether indeed there would be any reductions in Guard or Reserve force structure. We think that the success of the total force policy has been primarily because all of the components have had realistic missions. They have been involved in all levels of contingency plans, and they have been perceived as a true partner in the defense of our nation. A side effect or benefit of that is you get the support of all the hometown people because of the citizen and soldier involvement. That was one of the original intentions of the total force policy. We know that members of this subcommittee recognizes significant cost savings associated with peacetime operation in the National Guard. There was some lengthy discussions about that, I believe, when the DOD representatives were here about a week ago. We believe that those savings can range from about 60 percent to as low as 20 percent depending on the type of unit that we are talking about and how high their peacetime utilization, such as sitting alert for air refueling or air defense in that type of unit. But we also believe that the leaders of our nation have to consider new and innovative methods of preserving mission capability within the reduced budgets. One such example might be to increase the crew ratio of current units in the Guard and Reserve, which would allow those well-trained pilots coming out of the active to be preserved and stay within the total force. As an example, it is estimated that an F-16 pilot costs about $6 million to train. If we can have a slot in the Guard to retain that guy, we will save the government and the nation $6 million and keep that individual available in the total force. Another option, of course, would be robusting of current units by additional aircraft and then keeping pilots in that direction. In summary, Mr. Chairman, we believe the overall structure of the National Guard will remain relatively in tact. We think that the construction projects in the budget are all valid. We think those that were reduced by the Department of Defense are a high priority and would remain valid in almost any scenario. We ask for your continued support of Guard and Reserve. Thank you.

[The information follows:]

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STATEMENT BY
LIEUTENANT GENERAL LA VERN E. WEBER (RET.)
EXECUTIVE DIRECTOR

of the

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

to the

Subcommittee on Military Construction
of the
House Appropriations Committee

29 March 1990

INTRODUCTION

Mister Chairman, and members of the subcommittee, I sincerely appreciate this opportunity to present the views of the National Guard Association of the United States on the FY 1991 military construction programs of the Army and Air National Guard.

The pace of geopolitical change in the world today has accelerated beyond all expectations. These changes are leading to demands for a complete re-evaluation of our nations' priorities. In particular, in the face of a continuing and sizable deficit, the budget request for the Department of Defense is under intense scrutiny.

We clearly recognize the requirement to reduce the deficit. We also recognize that in order to maintain the most efficient and cost effective military for the United States, we must optimize the mix of active, Guard and Reserve forces. In light of these requirements, our nation's leaders must continue to make prudent and difficult decisions on the FY 1991 Department of Defense budget to ensure the near and long-term future of the Total Force and the security of this nation. Military construction is one of the key elements in providing that security.

During the 1980s, defense forces were relatively stable in size. Progress was made in equipment modernization and the quality of personnel and training markedly increased. The efforts of the past decade have paid off in significant improvements in defense readiness, notwithstanding the fact that substantial shortages remain in equipment and facilities.

The National Guard and Reserve represent an economy of operations while sustaining desired levels of mission capability. Review of the threat and the national defense strategy, along with the evaluation of the force structure and force mix, may or may not lead to additional missions and demands for the National Guard. However, the gains of the recent past should be preserved, wherever possible, as we adjust and design the defense forces for the 1990s and beyond.

GOALS AND OBJECTIVES

The overall goal of the National Guard Association of the United States is to maintain the freedom and security of this nation by guaranteeing a strong national defense through the provision of a vital and dynamic National Guard as a part of the Total Force. Providing the National Guard with the manpower, equipment and facilities necessary to meet the readiness requirements of its assigned units and missions is critical to our goal. Continuing Army and Air National Guard military construction programs at a level which provides adequate facilities to attain required readiness levels is one very critical facet of that resourcing.

Our purpose today is to identify what we believe are the most critical deficiencies in providing the necessary maintenance and training facilities for National Guard units.

THE FY 1991 MILITARY CONSTRUCTION PROGRAMS

This Committee, during its deliberations on the FY 1990 budget, was very supportive of the Army and Air National Guard Military Construction programs. The final appropriation levels were $223.5 and $238.3 million respectively, representing an increase over the original budget request of approximately $110 million for the Army National Guard and $75 million for the Air National Guard.

This year the original budget requests of the Army and Air National Guard were substantially reduced during the budget development process within the Department of Defense. The FY 1991 budget requests represent a potentially devastating reduction of almost 70 percent below the FY 1990 appropriation levels for each of the National Guard programs. The Army National Guard program is $47.3 million lower than the previous budget request and $156.8 million less than the FY90 appropriated level. The decrease in the FY 1991 program level for the Air National Guard is even greater at $97.5 less than the FY 1990 budget request and $171.8 below the appropriated level.

In a unique action, DoD has deferred $18.3 million, for 9 projects, of the Army National Guard program and 7 projects, costing $36.8 million, of the Air National Guard program from projects added by Congress last year. In addition, the military constructions programs, like all the programs in the Department of Defense FY 1990 budget, have suffered the impact of Gramm-Rudman-Hollings cuts. Absorbing these cuts caused projects scheduled for FY 1990 to be deferred. The FY 1991 budget submission is clearly not adequate to support a military construction program that encompasses reprogramming for these congressionally approved projects, funding to meet new mission requirements, and funding to cover a portion of current mission requirements in order to reduce the existing construction backlog.

While last year's Army National Guard military construction appropriation funded a total of 138 projects in 40 states, the proposed FY 1991 program consists of a total of only 42 projects in 25 states. The Air National Guard FY 1991 program includes 50 projects in a total of 27 states, in contrast to 107 projects in 40 states in the FY 1990 appropriation.

CONSTRUCTION BACKLOG

Again this year, we are asking that increased emphasis be placed on the critical issue of the growing backlog of unfunded construction projects. This backlog impacts on the readiness of the National Guard across the nation. By the end of FY 1990, the Army National Guard unfunded total will be in excess of $2.6 billion and the Air National Guard unfunded projects will total approximately $1.5 billion. The Air National Guard backlog has increased by almost 50 percent in just one year primarily because of expedited equipment conversions and inclusion of newly identified environmental requirements.

We recognize the magnitude of the task of attempting to reduce the budget deficit, particularly with increased emphasis being placed on reducing the Defense portion of the federal budget. But, like the federal deficit, this enormous backlog must be brought down within controllable limits. We support the proposals made the past several years by Congress to increase the overall share of the Defense budget devoted to National Guard and Reserve construction. We believe the level of funding should be sufficient to fully fund new mission requirements and begin to reduce the backlog. Further delay in halting the growth in the backlog of construction projects will negatively impact on the readiness of our National Guard units.

The technology of training devices and simulators, along with budget constraints on training days, travel and other resources, is causing training to shift back into the National Guard armories and local training areas. While this enhances the value of these facilities, it exacerbates the impact of deteriorating armories, lack of storage facilities, ranges closed because of environmental and safety standards and older maintenance facilities. Armory repair, upgrades and modification are a significant part of the growing backlog.

The FY 1991 budget request does not even cover the most critical facility requirements. Indeed, the current level requested will result in a further increase in backlog in both components, and therefore will cause a further deterioration of existing facilities.

Although we fully support the ongoing DoD review of the Total Force Policy, force structure and force mix, we believe the ultimate outcome will be to recommend at least maintaining the Guard and Reserve portion of the Total Force and may, indeed, recommend increasing it. In either case, current backlog projects will remain critical to the future readiness of the Army and Air National Guard.

The National Guard Association strongly recommends an increase to both budget requests, to provide an additional $150 million to each in order to begin a gradual decrease in the backlog of construction projects. We urge your support of this proposal. We also urge that the FY 1991 budget program be expanded to incorporate those projects deferred from the FY 1990 program and those eliminated because of Gramm-Rudman-Hollings sequestration cuts, without off-setting programmed requirements of FY 1991.

SUMMARY

Mister Chairman, I have discussed some of the critical needs of the FY 1991 Army and Air National Guard Military Construction programs and indicated our concern with the significant reduction in the programs and the growing backlog of critical construction projects.

This Association fully supports all projects included in the Army and Air National Guard Military Construction budgets. However, we believe it is essential that additional projects be authorized and funded in FY 1991. These additions should incorporate the FY 1990 deferrals and the FY 1991 priorities that were cut during the budget development process.

We urge your support of an increase in Army and Air National Guard construction funding to a total of approximately $215 million in each program, so that we can begin to make some progress in reducing the current mission facilities backlog. For the future, we support establishment of a baseline for current mission requirements on top of which funding for new mission requirements should be added.

Mister Chairman, we are grateful for the continuing support of you and the members of this subcommittee. We share equal concerns for improving the readiness of our total defense force and executing the FY 1991 budget in a way that best positions us to take full advantage of the new directions of the future.

Mr. **Hefner**. Thank you, sir. In the budget for 1991, the Department reduces the Guard and Reserve programs by $315 million, 70 percent below what we appropriated last year. We have our suspicions. I would like to get your feelings. Do you feel that the Department is playing a budget game knowing "full well" that we're not going to accept these levels? We never do. So that gives them a little game with the budget.

Mr. **Schriber**. Sir, I would agree with that. I don't know which came first. You could say that they reduced it because you recognized our needs last year and added some projects or whether they reduced it because they anticipate you are going to do that this year.

Mr. **Hefner**. It is sort of a safe game because then they have the best of both worlds. They get what is needed, and then they are able to say we are trying to hold the budget, and those big spenders over there add the money all the time. Mr. Lowery?

Mr. **Lowery**. I have to agree that the Guard and Reserves are going to be far more important in our defense plans for the future. Let me ask you specifically. How much time, flying time, do we need to reserve the Air Guard unit to keep a pilot's interest?

Mr. **Schriber**. An Air Guard pilot, as far as I know, flies about one-half the time of an active pilot. I think you are talking about 110 hours a year or something like that for the typical Air National Guard Pilot. When we talked about the crew ratio, that would be the cost that you would incur. If you said you had one-and-a-half pilots for each airplane right now, if you up that to two pilots for each airplane, you would have to provide that operational cost for those extra hours for those extra pilots.

Mr. **Lowery**. So you are not suggesting cutting hours.

Mr. **Schriber**. Yes, sir.

Mr. **Lowery**. It is not just the ratios, but flying time as well.

Mr. **Schriber**. Yes, sir. Not increasing the flying time per pilot. But if you added pilots to the unit, you would have to have some additional flying time to accommodate the total number.

Mr. **Lowery**. You kept the number of hours static.

Mr. **Schriber**. Yes, sir.

Mr. **Lowery**. We still have high levels for proficiency. With reduced hours, we would still retain the pilots. We would cut it below, let's say, the 110 hours.

Mr. **Schriber**. And not being a pilot, I could not evaluate.

Mr. **Lowery**. You can get back to the committee. If you check with your various sources, that would be helpful.

Mr. **Schriber**. Yes, sir.

Mr. **Lowery**. Thank you.

Mr. **Hefner**. What are the minimum hours that you can fly? Do you have to fly so many hours to get flight pay?

Mr. **Schriber**. No, sir. I believe that requirement went out years ago. They used to have it four hours a month or something like that. But now you just have to maintain your proficiency or whatever is required.

Mr. **Hefner**. I thought that was true. We would like to thank you, sir. Our next witness is the Honorable John Porter from Illinois. Good morning.

STATEMENT OF HON. JOHN E. PORTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

GREAT LAKES NAVAL TRAINING CENTER, GLENVIEW NAVAL AIR STATION, AND FORT SHERIDAN

Mr. PORTER. Thank you, Mr. Chairman. Good morning. I will be as brief as possible. My testimony describes and supports the military construction request for the Great Lakes Naval Training Center and the Glenview Naval Air Station. I would also like to talk briefly about Fort Sheridan. Fort Sheridan is in my district and is on the closure list of the Base Closure Commission. It is scheduled to close in Spring of 1994. I have formed the Fort Sheridan Commission in an attempt to plan consensus as to what should be done with the property after the base closes. This is somewhat difficult, Mr. Chairman and Mr. Lowery, because we have three communities that border on the base having differing interest. It is also difficult because while there is a great feeling that much of the land should be preserved for open space, the Army wants fair market value for this property, which is quite valuable property because it sits along Lake Michigan. The reason I raise this is because Great Lakes has submitted a request with the Department of Defense for a substantial portion of Fort Sheridan's 4961 housing units. Our commission recently passed a resolution asking that the Navy not be given this housing on the assumption, presumably, that it is very difficult if you are going to close a 700-acre base to then give to another branch of the military all of the housing units. There is not much left to plan. I wonder what role the subcommittee may take in all of this with the request of Great Lakes going up to the Secretary of Defense. There is, of course, a legitimate concern for housing for Great Lakes personnel. There is, obviously, a difficulty there that has to somehow be resolved. The commission also passed a resolution asking that the reserve component for the Army be held to 60 acres instead of the 90 acres that they apparently would like to have, and that on the 60 acres there be included a health clinic, which is not planned, something that is necessary not only to serve the Reservist, but also area Veterans. Finally, the commission did not take a position on a claim by the Secretary of Veterans Affairs for 162 acres that apparently will be made on the north part of the present base for a national Veterans cemetery. All of this is in the process. I feel confident we are going to reach a consensus on a plan within the next year or so. The major issue for this subcommittee is the housing that is presently there.

Regarding Great Lakes, it is the largest Naval training center in the continental United States. They train over 17,000 individuals every year. This year, the Naval Training Center is requesting $2.17 million for a fireman apprentice training school. The current building was built in 1943. It is in substantial deterioration despite extensive repair efforts. The space is inadequate. The trainees must move from building to building, and the heating and electrical systems are failing and are insufficient. A new building would provide what is needed for proper training in that area. The request also includes money for the public works center, $1.7 million for improvements. The electrical distribution system is currently in violation of the National Electrical Code. There are low- and medium-voltage cables in some manholes that are hazardous to workers, and there is feedback within the system. Seven-hundred-thousand dollars is also requested for sewer system repairs. There is groundwater above the cables, and very bad drainage. This frequently leads to utility outages and interferes, obviously, with the training mission. $11.5 million is requested for renovation of 178 housing units that require repairs, maintenance and improvements, all of which are below standards and have safety code violations. Forty-seven-thousand dollars is requested for repairs and maintenance and operating costs of the general officers quarters that were built at the base in 1909, that is presently used for recruitment enlistment information.

Regarding the Glenview Naval Air Station, there is a request for $250,000 for short-term leasing authority for 33 housing units until the new housing unts are completed. Those were authorized and appropriated last year.

[The information follows:]

STATEMENT OF

THE HONORABLE JOHN EDWARD PORTER

Mr. Chairman, thank you for the opportunity to testify in support of the fiscal year (FY) 1991 military construction requests for two bases in my congressional district: the Great Lakes Naval Training Center and the Glenview Naval Air Station. I would also like to discuss the closure process at Fort Sheridan, also located in my district.

Fort Sheridan

In the past, I have worked with this subcommittee in support of funds for Fort Sheridan. However, the fort was recommended for closure by the Commission on Base Realignment and Closure and the Secretary of Defense. While I disagree with that decision, I recognize the need to plan for the future use of Fort Sheridan's land. I have formed and chair the Fort Sheridan Commission to facilitate creation of a consensus community reuse plan to present to the Secretary of the Army. Department of Defense officials assure me that the Army Secretary will look to this community plan for guidance in disposing of surplus land at Fort Sheridan.

The Commission is comprised of state, local and federal public officials, Department of Defense representatives, as well as private citizens and many other interested parties all charged with working together to devise a single plan for the future of Fort Sheridan.

The creation of such a plan is no easy task. The three communities bordering Fort Sheridan -- Highland Park, Highwood, and Lake Forest -- may not completely agree on the future use of the fort's land. In addition, all three municipalities lay separate jurisdictional claims to different parts of the land. And there is a fundamental conflict between traditional federal land policy which emphasizes community wishes and the Army's obsession with obtaining fair market value for the land.

The Commission is in the process of hiring a professional land use planner to assist in the creation of a unified plan. The level of local participation and cooperation I have witnessed gives me confidence that a reuse plan for Fort Sheridan will be created that serves the best interests of the local communities.

The Commission has approved two resolutions. The first urges the Secretary of the Army to reject the Navy's request to obtain the 496 housing units currently located at Fort Sheridan. The second requests that the reserve component to be retained at the fort be limited to 60 acres and contain a medical clinic. The Commission also voted down a resolution supporting the establishment at Fort Sheridan of a 162 acre national veterans cemetery but declined to pass a resolution explicitly rejecting such a plan. With regard to the cemetery, therefore, the Commission has reached no consensus. As Chairman of the Commission and Representative of the 10th District of Illinois I look forward to working with this subcommittee to ensure that the future disposition of Fort Sheridan is in accord with the consensus of the local communities and their citizens.

The absence of the Great Lakes and Glenview facilities from the list of closures confirms the equally important role they play in our military structure. In light of Fort Sheridan's likely closure, approval of the requests for Great Lakes and Glenview is that much more important to the district I represent.

Great Lakes Naval Training Center

I realize that this Committee and the Congress is limited in its ability to respond to military construction needs by budget constraints. I realize too, that in addressing this problem it may be necessary for the subcommittee to spread construction commitments over longer periods of time than were originally contemplated. If done in a fair, even-handed manner in which all of us share, there can be no valid objections.

Each of the projects requested for Great Lakes and Glenview are already contained within the Administration's military budget request, and each represents a cost-effective solution to the replacement or augmentation of aging or over-utilized facilities. I am very proud of the men and women who live in our community and serve our country at these facilities. Their contribution to the life of the area I represent is invaluable.

Mr. Chairman, the Great Lakes Naval Training Center is the largest training center in the world. It is at the heart of the U.S. surface Navy.

This year, Great Lakes is requesting $2.17 million for a Fireman Apprentice Training School. The current apprentice training school is housed in a 1943 structure that has deteriorated substantially in recent years, despite repair efforts. Its inadequate classroom space requires recruits to go to another facility for some of their training, and the old building's heating and electrical systems are no longer sufficient. The new Fireman Apprentice Training School building would provide classrooms, laboratories, fire-room and engine-room facilities necessary to properly train today's sailors for all of their important fire fighting responsibilities.

The FY 1991 request also includes $1.7 million for improvements to the electrical distribution system at Great Lakes Navy Public Works Center. A National Electric Code code violation currently exists at the Public Works Center. Several low voltage cables are in the same manholes as medium voltage cables. This code violation presents a significant safety hazard for maintenance personnel who must enter the manholes. It also creates a dangerous potential for medium voltage feedback through low voltage cables. The requested funds will allow for the segregation of cables based on voltage, thus eliminating the code violation and safety hazard.

The Great Lakes Navy Public Works Center is also requesting $700,000 for improvements to the center's storm sewer system. High ground water levels and the inability of the present system to rapidly drain water has led to frequent utility outages in training areas that interfere with recruit training. The requested funds will provide for the installation of drains around steam manholes and for waterproofing to allow subsurface water to drain, thus lowering the static ground water table.

$11.5 million is requested for renovation of 178 enlisted housing units at the Public Works Center. The request includes necessary repairs, maintenance and improvements in units that have substantially deteriorated. Currently the interior layouts and amenities fall far below present-day standards and there are many safety code violations. The requested funds will substantially improve the quality of life for many of Great Lakes' dedicated personnel. These improvements will help sustain the Navy's impressive retention rate, so crucial to the proper functioning of our all-volunteer force. Finally, a small additional amount of $47,700 is requested for repairs, maintenance and operation costs for a General Officers Quarters built in 1909 and presently used as clearinghouse for recruitment enlistment information.

Glenview Naval Air Station

At the Glenview facility, $250,000 is requested to allow for the short-term leasing of 33 housing units. As you know, the domestic leasing program provides authority to lease housing units on an interim basis until military construction units come on line. Glenview's housing needs are currently greater than the base's available housing and consequently leasing is necessary to avoid the more costly alternative of buying housing space.

Mr. Chairman, thank you for this opportunity to discuss with you these important programs to improve military effectiveness and efficient training and maintenance at the Great Lakes Naval Training Center and the Glenview Naval Air Station. I appreciate your subcommittee's favorable consideration of these requests, and I look forward to working with you in the future.

Mr. HEFNER. Just one comment on Fort Sheridan. We all know that the understanding on the base closure law requires that the Department seeks fair market value of the land, but I tend to agree with you that local planning commissions should be given the opportunity to participate in the decision process regarding future use of the property. I don't know how much of a part we would play in this. But I would tend to lean toward that position. Mr. Lowery?

Mr. LOWERY. John, how far apart is Fort Sheridan and Great Lakes?

Mr. PORTER. About 10 miles roughly. They are both along Lake Michigan. But there are two communities—three communities actually between them.

Mr. LOWERY. You would say 400 and some units?

Mr. PORTER. Four hundred and forty-six units, that Great Lakes would like to have. That is all of the units except for the 50 that are in the historic area of Fort Sheridan.

Mr. LOWERY. What happens with the historic units?

Mr. PORTER. Presumably, if they did not claim those, then the commission would have a chance to plan the use of that land. But if the Navy were to receive the housing——

Mr. LOWERY. How many acres is that?

Mr. PORTER. How many acres? It is spread around. The difficulty with the claim for the housing is that a lot of it is on the southeast along the lake, and then some of it is up in the northwest, also, and then there is the historic area in between. It is hard to characterize exactly how the commission, a body of 15 or 16 members, feels about this. But I think the difficulty is that if the Navy takes the housing here, the Reserve unit is here. The Navy takes housing over here. There is another Reserve unit over here. How can you plan what is left of the land and make any sense out of it and make it work economically? So the commission really feels that if they are going to close the base, if the word from Washington is this base is not needed, then they would like to have the opportunity to plan the entire 700 acres, or as much of it as possible, and make some sense out of it and work it into the communities that surround it.

Mr. LOWERY. What would the economics be on the timing of selling that off and taking those resources and possible building additional housing for the Navy, which it sounds like they need?

Mr. PORTER. They do need the housing. Great Lakes has, I think——

Mr. LOWERY. Is that an alternative of what the commission would prefer to do and how we would meet the housing need for the Navy by selling off this land and possibly using some of those resources to build Navy housing?

Mr. PORTER. They will accept the fair market value, which goes to the Army. But, yes, it would free it up. If you sell the land, which is quite valuable land, then you would presumably have some money that you would receive from them.

Mr. LOWERY. It strikes me that the alternative is the Navy, take that over. Then you lose that revenue. So somehow that is not the way the law is structured. But common sense tells you if you have that need and the Navy is not going to take it over, then how can they have their needs met by selling off those resources? I am sure it would take changes in the law. But has the commission looked at that whole thing as an alternative to present to the Navy where the housing might go, how much you could build?

Mr. Porter. The commission really has not gotten that far into it, Bill. There is also, of course, the Glenview Naval Air Station, which is a larger property that is used as a Reserve base.

Mr. Lowery. How far is that, Fort Sheridan and Great Lakes?

Mr. Porter. That would be about maybe 15 miles from Great Lakes and maybe 10 miles from Fort Sheridan. It is kind of a triangle, two along the lake and one in land. That is a possibility for building additional housing. It probably makes a lot more sense from the standpoint of the communities than to build housing here and leave a patchwork of public and private uses.

Mr. Lowery. It seems everybody is going to need to get together and look through this thing as they may have a preface to build their own housing on another site. But this is the quickest, cheapest and most direct way to achieve it. They may dig in. If the alternatives are shown to them, they may be amenable.

Mr. Porter. The Army, Bill, is saying that they are resisting it. They are saying the Navy does not need this housing or cannot justify it at least at this location.

Mr. Lowery. Thank you.

Mr. Hefner. Thank you.

Mr. Porter. Thank you, Mr. Chairman.

Mr. Hefner. Thank you, John. Our next witness is the Honorable George Brown of California. Good morning, George.

Statement of the Hon. George E. Brown, a Representative in Congress From the State of California

NORTON AIR FORCE BASE

Mr. Brown. Good morning, sir. Thank you very much for this opportunity. My remarks concern the base closing at Norton Air Force Base in my district. Last year, I was bitterly opposed to that base-closing operation. This year, I am here to urge the full support for the recommendations of the commission. The local communities are responding admirably to the problem of base closing. They have created a unique arrangement under special state legislation which was passed to plan for the reuse of the base. The only fly in the ointment at this time is that the Air Force wants to renege on the part of the base closure recommendations which stipulated that the Ballistic Missile Office co-located at Norton, just off the base, should remain there. There is no real reason to move the unit. The Air Force seeks to circumvent that recommendation and to move the office to some other location. There are roughly 2,000 jobs at stake, most of which are highly technical contractor personnel. If the Air Force moves the unit to another site, the contractors would move to be co-located with their contracting office. It would be a serious, unnecessary and actually uncalled for circumvention of the base-closing recommendations. I feel very, very strongly about this. The community feels very strongly about it. They have been willing to adjust to the base closing, but they do not see why the Air Force should neglect their portion of the deal, which was to leave the Ballistic Missile Office there. Now, my prepared remarks will give you a fuller description including the correspondence and reports from the Air Force which indicate their strategy for circumventing the base closure recommendations. But, essentially, the strategy is to change the name of the office and merge it with the Air Force Systems Command and then move the whole operation someplace else.

[The information follows:]

TESTIMONY OF
CONGRESSMAN GEORGE E. BROWN, JR.
BEFORE THE HOUSE APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION
MARCH 29, 1990

MR. CHAIRMAN, I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE THIS SUBCOMMITTEE TO EXPRESS MY CONCERNS ABOUT THE BASE CLOSURE PROCESS AT NORTON AIR FORCE BASE IN MY DISTRICT. LAST YEAR AT ABOUT THIS TIME I WAS ACTIVELY OPPOSING THE RECOMMENDATIONS OF THE COMMISSION ON BASE REALIGNMENT AND CLOSURE. TODAY I HAVE A SLIGHTLY DIFFERENT GOAL, AND THAT IS TO SUPPORT THE COMPLETE IMPLEMENTATION OF THE BASE CLOSURE RECOMMENDATIONS.

WHILE I FOUGHT HARD TO PREVENT CONGRESS FROM ACCEPTING THE RECOMMENDATIONS LAST YEAR, I RECOGNIZE OUR OBLIGATION TO IMPLEMENT THEM NOW THAT THEY CARRY THE FORCE OF LAW. INDEED, THE VIABILITY OF THE ENTIRE BASE CLOSURE PROCESS DEPENDS ON THE PENTAGON AND CONGRESS IMPLEMENTING THE BASE CLOSURE RECOMMENDATIONS COMPLETELY AND WITHOUT EXCEPTION. ACCORDING TO THE ORIGINAL LEGISLATION, NEITHER CONGRESS NOR THE PENTAGON WOULD BE PERMITTED TO PICK AND CHOOSE AMONG THE BASE CLOSURE RECOMMENDATIONS. DESPITE SEVERAL ACKNOWLEDGED ERRORS IN THE COMMISSION'S WORK, CONGRESS HAS PROCEEDED TO IMPLEMENT THE BASE CLOSURE RECOMMENDATIONS IN THEIR ENTIRETY.

Unfortunately, the Air Force has not accepted its half of the base closure obligations, and that is why I am appearing before you today. I am referring specifically to the Air Force's efforts to transfer the Ballistic Systems Division away from Norton Air Force Base in my district. The Base Closure Commission specifically directed that BSD remain at Norton following the base's closure. The ink was barely dry on the Commission's report, however, when the Air Force began seeking ways of circumventing this recommendation. This process culminated in the recent announcement that BSD would be "disestablished," merged with the Space Systems Division, and subsequently moved to an as yet undetermined location.

This announcement was no surprise. Late last year I was provided with documents outlining the Air Force's strategy to circumvent its legal obligation to keep BSD at Norton Air Force Base. In short, this strategy involves changing BSD's name and organizational structure and thereby freeing it from the constraints of the Base Closure report. This is clearly a ruse to avoid a base closure recommendation which the Air Force does not like. Lest there be any doubt in this regard, let me quote the Air Force documents to which I just referred. The document concludes by stating that "This entire scenario will have to be precisely planned and executed in order to avoid proving the critics right-that we are evading the Commission decision to leave BSD at Norton." Without objection I would like to submit these documents for the record.

The Air Force will tell you that this is all just part of the Defense Management Review which it initiated last July. What they won't tell you is that they began planning to move BSD well before the DMR was initiated. In fact, these documents show that a site survey was conducted in March 1989 to determine the feasibility of moving BSD to Vandenburg. When you get right down to it, the Air Force is not happy about leaving BSD at Norton. I can sympathize, for I was less than pleased that Norton was recommended for closure. The base closure recommendations are now law, however, and I hope that this subcommittee will not allow the Air Force to move BSD simply because it would prefer to locate elsewhere.

I would also add that it makes little sense to spend the money to move BSD when the fate of its major programs--the MX rail garrison and Midgetman mobile missile--remains so uncertain. A few years from now, BSD's work could be considerably curtailed as the result of congressional actions or arms control agreements with the Soviet Union. Until that picture becomes more clear than it is today, BSD should remain at Norton Air Force Base.

Even if this committee is not worried about the future of BSD's programs, I hope you are concerned about the costs associated with moving the unit. The documents to which I have referred estimate that it will cost between ten and thirty million dollars to move BSD to Vandenburg. At a time of severe budget constraints, I question the wisdom of spending up to $30 million to move BSD when it operates just fine where it is. In addition, because this move is not associated with the 1988 base closure recommendations, funding would not be

AVAILABLE FROM THE BASE CLOSURE ACCOUNT AND WOULD HAVE TO COME FROM THE AIR FORCE'S REGULAR MILITARY CONSTRUCTION BUDGET.

AS A FINAL NOTE, I REMIND THIS SUBCOMMITTEE THAT OUR EXPERIENCES WITH LAST YEAR'S BASE CLOSURE REPORT WILL BE CRITICAL IN DECIDING WHETHER TO REPEAT THE COMMISSION PROCESS. I, FOR ONE, WILL OPPOSE REPEATING THIS PROCESS IF THE AIR FORCE REFUSES TO ACT IN GOOD FAITH BY UPHOLDING ITS HALF OF THE BASE CLOSURE BARGAIN. I HOPE THIS SUBCOMMITTEE WILL SUPPORT LEGISLATIVE LANGUAGE PROHIBITING THE AIR FORCE FROM MOVING BSD. I APPRECIATE YOUR ATTENTION TO THIS MATTER AND LOOK FORWARD TO WORKING WITH YOU TO MAINTAIN THE INTEGRITY OF THE BASE CLOSURE PROCESS.

DEPARTMENT OF THE AIR FORCE
WASHINGTON, D.C. 20330-1000

October 31, 1989

MEMORANDUM FOR AF/PRPJ (COL ALEXANDER)

SUBJECT: Request for Legal Opinion On Elimination of Ballistic Systems Division (BSD) at Norton AFB Under the Defense Management Review (DMR)

This memo responds to the subject request, which in turn was based on your conversation with AFSC/TEU. The issue is whether Ballistic Systems Division (BSD), presently at Norton AFB, can be merged with Space Systems Division at Los Angeles Air Force Base. The expanded Space Systems Division would move from Los Angeles Air Force Base to Vandenberg AFB, CA. The desired DMR result would be an efficient, cost-effective command handling all space and missile issues at Vandenberg.

Norton, AFB, CA was recommended for closure by SECDEF's Commission on Base Realignment and Closure. However, BSD was specifically designated to remain at Norton. It is housed in an office complex adjacent to Norton, but not constructed as a part of the base. The Commission's recommendations were adopted by then Secretary of Defense Carlucci as his personal decision on January 6, 1989.

Two groups of issues must be resolved:

(1) The Commission's recommendation was for BSD to remain at Norton, but must BSD continue to exist? If merged with another organization, must some part of the new organization remain at Norton?

(2) If BSD can properly be merged with another organization, may Base Closure Account funds be used to transfer personnel or build facilities for them. Do the proceeds of selling BSD facilities go to the Base Closure Account? Is AF responsible for disposing of BSD facilities at Norton?

The Base Closure Commission Report (BCCR) recommended that the "Ballistic Missile Office," now BSD, remain at Norton AFB. "because of the high cost of relocation and the functional requirement for the BMO to remain in the local area." Section 201(6) of P.L. 100-426, the Base Closure and Realignment Act (the Act) provides that the Secretary of Defense "shall" close or realign installations as recommended by the Commission. This has been interpreted by the OSD General Counsel to mean that all the actions described in the BCCR must be carried out without any change. However, nothing in the BCCR or the Act requires that BSD continue to exist. If Air Force leadership concludes as part of the OMR that eliminating BSD is needed, as far as the Act is concerned the action may proceed. However, to proceed legally, such action could not in any way benefit from the provisions of the Act. As pointed out before, the language of Section 201(a) of the Act provides no discretion except where the BCCR provided specific written guidelines for choosing among alternatives. Since there are no choices offered for BSD, until September 30, 1995 it must remain at Norton, if it remains in existence. Since we are satisfied that BSD can be merged out of existence, it follows that there is no bar in the Act to moving the merged organization to Vandenberg AFB. However, there are a number of practical issues to be taken into account. These are discussed below.

The BCCR decisions having been made, any subsequent closure or realignment initiatives must comply with applicable statutes. These include the National Environmental Policy Act, of 1969, 42 U.S.C. 4331 et. seq., and 10 U.S.C. 2687, the base closing statute that, with minor amendments, has been in existence since 1977. NEPA was partially waived under the Act. Only the plans and methods for closing, and the disposal and reuse of the installation, required NEPA analysis. This reduced the scope of the analysis of "reasonable alternatives" from dozens of bases to just the ones selected. The total BSD/SSD Norton-LA-Vandenberg transaction will clearly require an EIS, since Vandenberg has significant environmental and carrying capacity problems already. That EIS must fully comply with NEPA, including analysis of all reasonable alternatives even though the Air Force may have good reasons for ultimately not adopting some of them.

Section 2687 was wholly waived by the Act. Its procedures are triggered by either of two closures of action: a proposal to close an installation where 300 direct hire civilian personnel are authorized to be employed, or certain "realignments" which " both reduce and relocate functions and civilian personnel positions." § 2687(e)(3). "Realignments" trigger § 2687 requirements if the installation is authorized to employ more than 300 direct hire civilian employees, and 50% or 1000 of the positions (whichever is less) are reduced and some functions (not necessarily the same ones are relocated. Section 2687 requires that SECDEF report to both Armed Services Committees concerning fiscal, local economic, budgetary, environmental, strategic, and operational consequences of qualifying base closures and realignments. The report must be submitted with the President's budget; out-of-cycle reports do not meet that statutory requirement. Congress has 60 days to consider the report, during which "no irrevocable action" may be taken to implement the plan. Congress technically must disapprove closures and realignments by Act of Congress, but a variety of formal and informal methods exist for Congress to prevent actions of which it disapproves.

If the BSD-SSD merger is proposed to begin in 1990, the SECDEF formal notice and studies must be delivered to Congress in January 1990. Otherwise, no action could begin until about the summer of 1991. The environmental study required by 10 U.S.C. 2687 is not an EIS complying with NEPA. There are, in fact no legal standards for any of the six studies, and there is precedent for the proposition that their adequacy is not subject to judicial review. As indicated above, however, NEPA must still be complied with before a final decision can be made.

While a post-BCCR realignment action may be carried out, following compliance with § 2687 and NEPA, it receives none of the benefits of the Act and contributes nothing to the Base Closure Account balance sheet. For example, manpower savings from the merger would result directly from the DMR initiative, and could not be calculated as savings associated with base closure. Also, as a DMR initiative, Base Closure Account funds could not be used under any circumstance to support the elimination of BSD. The BCCR did not recommend moving BSD because of perceived high moving costs. Any Milcon, moving costs, etc., must be accomplished with appropriations separate from the Base Closure Account.

Disposal of the BSD complex could not be accomplished by the Air Force under present circumstances. The delegation of disposal authority by GSA required by Section 204(b) of the Act applies only to property made available as a result of actions taken to implement the SecDef decision to adopt BCCR. The BSD complex would be reported to GSA for disposal in the usual manner, unless GSA agreed to delegate the disposal responsibility to the Air Force. Either way, the proceeds of disposal would go to the Land and Water Conservation fund in the Treasury, not to the Base Closure Account. The property line between Air Force disposal authority and GSA disposal authority at Norton is open to negotiation, however, since BCCR did not delineate what support facilities on Norton would be retained to support BSD. In my opinion, only the clearly defined BSD office complex buildings must be reported to GSA.

Waivers of these impacts would require special legislation from Congress. As you are aware, SECDEF adopted the BCCR in its entirety. In order to maintain overall integrity of the BCCR, OSD has thus far not supported efforts by the Services to seek legislative relief at specific bases. If this proposal is forwarded as a DMR initiative PRPJM, LEEI, MAC, and AFSC should all review how closing BSD impacts on both the Norton AFB Closure EIS and Reuse EIS processes. Such a major change in planning for the Base would likely cause a review of whether to leave the Audio Visual Service Center at Norton or exercise the option to realign to March AFB. (See, BCCR p. 78) If that occurred, not only would the Base Closure Account gain no benefit from sales proceeds for BSD buildings, but another MILCON bill, for Audiovisual Service replacement facilities at March, would be incurred.

As an additional observation, it should also be considered that however sincere the motivation to proceed with a DMR initiative to eliminate BSD, strict adherence to the rules and procedures for base realignments including the funding aspects, in the absence of the Base Closure and Realignment Act will be necessary. Otherwise, this decision will be considered a ruse that could damage the credibility of the Air Force. No doubt there will be a great deal of public and Congressional criticism. This entire scenario will have to be precisely planned and executed in order to avoid proving the critics right-that we are evading the Commission decision to leave BSD at Norton.

Maj Acklin, PRPJM, participated in the preparation of this memorandum. His work on it is very much appreciated.

Grant C. Reynolds
Assistant General Counsel

DEP [illegible]EH DEM

POINT PAPER

ON

DISPOSITION OF BSD

PURPOSE/MAIN THRUST

- Provide chronology of events on the disposition of BSD as concerns Base Closure and the Defense Management Review (DMR)

BACKGROUND

- Base Closure Commission recommends BSD remain at Norton after closure
  - Base Closure Report is statutory following Congressional notification in Mar 89 of SEC DEF acceptance of the commission recommendation
- AFSC/BSD site survey (Mar 89) findings reveal deficiencies in funding and operational support proposals made by HQ USAF for beddown of BSD at Norton
  - MILCON project cost: USAF $9.2M vs AFSC $30.3M
  - Base Operating Support (BOS): All from March AFB (USAF) vs satellited BOS (AFSC)
- AFSC/BSD conducted a VAFB site survey in March 89 to ascertain feasibility of moving BSD to VAFB as an alternative to their remaining at Norton
  - Site survey findings were affirmative (costs to move estimate: $19.1M)
- Air Force Board structure was briefed in early Apr 89 on Norton Site Survey findings
  - In mid-Apr 89, HQ USAF advises the allocated MILCON amount for beddown of BSD is $5.0M
- AFSC reclama on the $5.0M in early May 89 lead to a HQ USAF fact finding visit to Norton (BSD) in Jun 89.
  - During the fact finding visit USAF deleted 35 manpower slots in determining the BOS tail for BSD
  - USAF calculated BSD space requirements could be satisfied with the facilities in the 95X Area, the IG Office Building and rehab of 2/3 of a warehouse (cost $9.7M). AFSC position included the 95X Area, the IG Building and the rehab of two warehouses (cost $25.8M) plus one additional warehouse for future use
- On 5 May 89 AFSC/CC approved continued the action leading to the relocation of BSD to VAFB
- In Jun 89 all actions to continue process leading to relocation of BSD to VAFB were halted because of the base closure statutory requirement

MR GALLEGOS/DEPD/22652/jmn/1650

- In Aug 89, HQ USAF issued formal based closure project information (confirming initial fact finding data) the project MILCON costs for beddown of BSD at Norton is limited to $9.7M
  - -- The amount allocated for Comm support was given as $3.06M
- On 14 Sep 89, USAF visited BSD on Norton to review base closure concerns
  - -- USAF agreed to reconsider the 35 manpower issue
  - -- USAF agreed AFSC facilities space concerns were valid and allowed retention of an additional warehouse, however no additional funds were provided
  - -- At this meeting BSD proposed an alternative real estate configuration and retention of additional buildings i.e., the 95X Area, the IG Building, the Wing HQ Building, the Child Care Center, and rehab of 1.25 warehouse (cost $19.5M)
- In early Sep 89, AFSC/DR directed action be taken to implement the DMR proposal to consolidate BSD and SSD and to beddown the resulting organization at LAAFB and VAFB
  - -- Status on this action is at Atch 1
- Because of the continuing differences between AFSC and USAF on the resources required to beddown BSD at Norton, a POM disconnect package was prepared and briefed to the PRC on 23 Oct 89 (the AFSC Council concurred with the action on 27 Oct 89)
  - -- The AFSC vs USAF positions are included in the briefing material at Atch 2 (you have from earlier Fax)
  - -- The POM disconnect package will be forwarded to USAF by AFSC in early Nov 89, along with the FY 92-97 POM package
- On 16 Oct 89, HQ USAF forwarded a letter to HQ AFSC asking for comments on the proposed real estate to be used by BSD at Norton
  - -- USAF added a third warehouse as available property
  - -- The AFSC reply dated 27 Oct 89, is at Atch 3
- On 30 Oct 89, AFSC/DE placed on hold further action concerning the BSD/SSD consolidation and related moves to BSD
  - -- The AFRCE-BMO expressed concern at release of information impacting Base Closure activities without first making a public announcement of intent

CONCLUSION:

- Based on the USAF oft stated position there are no additional base closure funds available to cover disconnects

- AFSC will have to funds for the total disconnect amounts to support a SSD beddown at Norton

- The proposed BSD/SSD organizational structure is needed ASAP to permit more accurate planning then using worst case situation

3 Atch
1. BSD/SSD Consolidation Status Report
2. Disconnect Data
3. AFSC Ltr, 27 Oct 89

TALKING PAPER

ON

STATUS OF UNIT MOVE TO VANDENBERG AFB (VAFB)

PURPOSE/MAIN THRUST

- Provide status on the facilities and related requirements determinations pertaining to the merger of BSD with SSD and moving of the residual staff/contractor elements to VAFB

DISCUSSION

- One of the proposals in the Defense Management Review (DMR) is the merger of the Balistic Systems Division (BSD) with the Space Systems Division (SSD)
  - -- The proposal involves disestablishment of BSD and merging the divested elements with SSD at Los Angeles AFB
  - -- The resulting organization will be beddown at Los Angeles AFB and VAFB
- Until more definitive information is provided regarding the "final" SSD organization, the actions underway are based on worst case situation, i.e., moving the total BSD population to VAFB
  - -- The site survey conducted in Mar 89, under the auspices of "base closure," considered moving BSD to VAFB; the resulting site survey report is the present data base for actions under DMR
  - -- The Mar 89 site survey revealed the apparent sufficiency of space at VAFB to accommodate BSD in AFSC assets without major construction
    - --- In the meantime, Western Space and Missile Center (WSMC) advises a contract for Space Launch Complex (SLC) 6 is pending wherein the successful contractor will have access to existing AFSC space at VAFB
    - --- This latter may adversely impact the Mar 89 site survey findings
- A present action involves preparation of AF Form 813, Request for Environmental Impact Analysis, for transmittal to HQ BSD for appropriate action with the Air Force Regional Engineer-Ballistic Missile System (AFRCE-BMS), their support agent on environmental issues
  - -- Completion of the document processing is pending a determination of the total work populations and functional units to be moved to VAFB
- Another action underway is preparation of instructions to BSD/SSD/WSMC on the conduct of a joint facilities utilization and space allocation study at VAFB and the submittal of findings and recommendations to accommodate the BSD population and WSMC at VAFB
  - -- Release of this document is planned for 1 Nov 89

MR GALLEGOS/DEPD/22652/jmn/1644

Mr. LOWERY. Do they have a location?

Mr. BROWN. They are looking. But Vandenberg seems to be the preferred site. They have not made a final decision on that. Now, I think it is the clearest case of subterfuge I have ever seen. Frankly, since it impacts my community so drastically, I am urging you to stop the move, and I think you can do so if you choose by inserting some language in the appropriations bill report. It will save from $10 million to $30 million. For them to move that whole function at a time when the future of the MX Rail Garrison and the Midgetman are both under review by the Congress, seems to me to be the height of folly and an unnecessary waste of money. If you can save $10 million to $30 million by stopping it, you just have that much more money to spend on things that we really need. That is my pitch.

Mr. HEFNER. I can assure you that we are concerned about this issue, also. When we get ready to go to markup, we will certainly bring it to the attention of the full committee.

Mr. BROWN. I hope you will, and I ask for your consideration of my request. I will leave the document and the full text of my statement.

Mr. HEFNER. Thank you.

Mr. BROWN. Thank you very much.

Mr. HEFNER. Our next witness is the Honorable Jim Lightfoot from the State of Iowa. Jim, your entire statement will be part of the record.

STATEMENT BY HON. JIM LIGHTFOOT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

NATIONAL GUARD ARMORY—DENISON, OHIO

Mr. LIGHTFOOT. Thank you, Mr. Chairman. It is not a very long one. So I will make it short. Mr. Chairman and Members of the committee, I appreciate the opportunity to appear here today. Ron, I will take you to lunch if we have to. I will do whatever it takes to make this work. In Denison, Iowa, a little community in my district, we had a new National Guard Armory authorized there in fiscal year 1990. The facility is theirs and is in extremely poor condition. There is a critical maintenance backlog of $125,550 on it. It is only 9,973 square feet. The building is really in very, very poor shape. Last year, Congress recognized the need and authorized a new armory of 21,220 square feet. The State of Iowa's share of the bill is $460,000. They contributed that in fiscal year 1989. The facility is 100-percent designed. But the federal funds for construction were not appropriated last year, and that federal share is $989,000. At the present time, I think the possibility exists that sufficient funds should be available to construct the armory in current fiscal year through a redirection of funds. But I would like to ask the subcommittee here for their support in the event that sufficient funds were not made available this year. If that does not happen, I would like to request that funds be appropriated in fiscal year 1991 and provide for the construction of this new armory, and we will endeavor to keep you folks up to speed on what is happening as this project moves along. I think as we are seeing the bill down in Europe, this whole National Guard Reserve thing is something we are going to see a lot more emphasis put. Our state is 97.7 percent, I think, in the state of readiness. We are one of the highest in the nation. So we have always been big participants of the National Guard and Reserve programs, and we want to continue to do so.

[The information follows:]

TESTIMONY OF CONGRESSMAN JIM LIGHTFOOT
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION
MARCH 29, 1990

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY ON A MATTER OF INTEREST TO MY CONSTITUENTS IN THE FIFTH CONGRESSIONAL DISTRICT OF IOWA.

A NEW NATIONAL GUARD ARMORY WAS AUTHORIZED BY CONGRESS IN FISCAL YEAR 1990 FOR DENISON, IOWA. THE FACILITY IT WOULD REPLACE IS IN POOR CONDITION. WITH A CRITICAL MAINTENANCE BACKLOG OF $125,550, THE CURRENT ARMORY IS ONLY 9973 SQUARE FEET.

LAST YEAR, CONGRESS RECOGNIZED THIS NEED AND AUTHORIZED A NEW ARMORY OF 21,120 SQUARE FEET. THE STATE OF IOWA'S SHARE OF FUNDS, $460,000, WAS CONTRIBUTED IN FISCAL YEAR 1989, AND THE FACILITY IS NOW 100 PERCENT DESIGNED. UNFORTUNATELY, FEDERAL FUNDS FOR CONSTRUCTION OF THE NEW ARMORY AT DENISON WERE NOT APPROPRIATED LAST YEAR. THE FEDERAL SHARE FOR CONSTRUCTION OF THIS PROJECT WOULD BE $989,000.

AT THE PRESENT TIME, THE POSSIBILITY EXISTS THAT SUFFICIENT FUNDS WILL BE AVAILABLE TO CONSTRUCT THE DENISON ARMORY IN THE CURRENT FISCAL YEAR THROUGH A REDIRECTION OF FUNDS. HOWEVER, I WOULD ASK THE SUBCOMMITTEE'S SUPPORT IN THE EVENT THAT SUFFICIENT FUNDS ARE NOT MADE AVAILABLE THIS YEAR. IN THAT CASE, I WOULD LIKE TO REQUEST THAT FUNDS BE APPROPRIATED IN THE FISCAL YEAR 1991 APPROPRIATIONS BILL TO PROVIDE FOR THE CONSTRUCTION OF THE NEW ARMORY IN DENISON. I WILL ENDEAVOR TO KEEP THE SUBCOMMITTEE INFORMED OF THE STATUS OF THIS PROJECT.

ONCE AGAIN, LET ME THANK THE SUBCOMMITTEE FOR PERMITTING ME THIS OPPORTUNITY TO TESTIFY. I LOOK FORWARD TO WORKING WITH MEMBERS OF THE COMMITTEE IN MEETING THIS AND OTHER NEEDS.

Mr. **Hefner**. According to the staff, the armory project at Denison has not been authorized. A request is in the budget this year. We will give very serious consideration to it. You might need to check on this and find out if there is authorization.

Mr. **Lightfoot**. It must be somewhere because the state has already chipped their money in, and Iowa is not real big in putting money up.

Mr. **Hefner**. If you would, have your staff check it out.

Mr. **Lightfoot**. Okay. Both the Guard and the Senate staff said it was authorized.

Mr. **Hefner**. The Armed Services Committee says it is authorized? Did you check with them? Okay. As I told Mr. Boehlert, we have a tendency to try to be very accommodating to Members. If the authorization is there, we will certainly give it weight.

Mr. **Lightfoot**. We will double check.

Mr. **Hefner**. Any comments from Mr. Lowery?

Mr. **Lightfoot**. We will get you a receipt.

Mr. **Lowery**. Jim, are there any active duty facilities in the State of Iowa?

Mr. **Lightfoot**. What do you mean, in terms of full time?

Mr. **Lowery**. Full time, not Guard or Reserve.

Mr. **Lightfoot**. There are no military bases, no Air Force bases. The Air National Guard shares facilities at the Des Moines Airport. But there are no active full time——

Mr. **Lowery**. Do you know?

Mr. **Lightfoot**. A little bit of everywhere. Reserve units used to go to Camp McCoy. That is where I spent a summer or two, up in the wonderful Wisconsin Dells. Some of the Air people go south into Wichita, and they tend to go in several different directions. But there is a big Guard unit in Sioux City, an Air Guard unit there. The Des Moines unit is fighter aircraft. No. We do not have a military post in the state, and we do not have a river deep enough to go with anything but a flatbottom boat, and the Navy is not real interested either.

Mr. **Lowery**. The committee will take attention of the situation.

Mr. **Hefner**. Mr. Coleman?

Mr. **Coleman**. I was just going to say that I think the only time you would get in trouble—in other words, those kind of things happen. Our projects, too, we work on those fall-outs in the Senate side. If you are not going to advise the staff, you have to make sure you made it in both of them last time. I guess we had information that had them here.

Mr. **Lightfoot**. Okay. We will check it. Mr. Coleman. Just double check and make sure it is in there. We will do it. We will check it twice.

Mr. **Hefner**. Thank you. Our next witness is the Honorable Frank Pallone of New Jersey. Congressman, your statement will be part of the record.

STATEMENT BY HON. FRANK PALLONE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

EARLE NAVAL WEAPONS STATION

Mr. PALLONE. Thank you, Mr. Chairman. I am going to try to summarize my statement, if I could. I am here today to reiterate my opposition to the Navy's continued plans to site a ship fuel replenishment system at Earle Naval Weapons Station in Middletown. I was here last year, making the same request. Once again, the Administration's fiscal year 1991 budget does not include funding to continue the development of the Environmental Impact Statement for this project. I am concerned that at some point the Navy may come before the committee and ask that the money be added to the budget. My opposition to the tank farm is based on many factors. I will just list a couple of them. I am mainly concerned the explosive fuel would be dangerously close to many homes and schools in this area, and it is true that it is very close to a number of elementary schools and residents. There would also be the economic impact on the residential real estate values in the community. But, most important, an emergency at the tank farm would be tragic. Emergency responders in the area are simply not equipped nor trained to combat a fire associated with millions of gallons of explosive fuel, particularly since the tank farms are adjacent to potential explosive munitions storage areas. There would also be adverse impacts on air and water quality. Currently, the ships which call at Earle are fueled in Virginia, and there has not really been any problem with this arrangement, and I do not foresee any problem in the future for them to continue to fuel in Virginia. Mr. Chairman, that this subcommittee has previously been responsive to my concerns and has supported dredging at Earle Naval Weapons Station, which guarantees navigable channels for naval vessels to enter the Earle Station. One benefit of this dredging project has been to use the dredged sands at Gateway National Recreational Area. I would like to see that continue in the future. Although there are no immediate plans in that direction. I just wanted to point out that I appreciate the subcommittee's response and concern. Right now, the existing facilities for refueling are Craney Island, Virginia. I have talked to some of the Congressmen in that area, and they do not have any problem with continued use of that facility.

[The information follows:]

STATEMENT OF CONGRESSMAN FRANK PALLONE, JR.
BEFORE THE
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION
MARCH 29, 1990

Mr. Chairman, Thank you for the opportunity to once again present testimony before your Subcommittee in opposition to the U.S. Navy's continued plans to site a ship fuel replenishment system at Earle Naval Weapons Station, Middletown, New Jersey. My constituency remains adamently opposed to this project.

Fortunately, the Adminstration's Fiscal Year 1991 Budget for the Department of the Navy does not include funding to continue the development of the Environmental Impact Statement which would be required for the proposed facility. I am here today to urge you not to include any funds in the Navy's FY 1991 budget which would allow the project to move foward.

My opposition to the tank farm is based on many factors. Among my chief concerns are the following:

1. I am concerned that explosive fuel would be dangerously close to many homes and schools. This could create unnecessary dangers in the community.

2. There could be a devastating economic impact on residential real estate values in the community. The people of the towns of Leonardo and Belford are proud of the character of their neighborhoods. They have a right to expect that those neighborhoods will be preserved and maintained.

3. An emergency at the tank farm could be tragic. Emergency responders in the area are not equipped nor trained to combat a fire associated with millions of gallons of explosive fuel -- particularly since the tank farms would be adjacent to explosive munitions storage areas.

4. There would be adverse impacts on air and water quality and the tank farm would infringe upon sensitive wetlands areas.

5. There are alternatives to the tank farm being located in Middletown. Currently, the ships which call at the Earle Naval Weapons Station are fueled in Virginia. There has not been a problem with this arrangement and I do not forsee one in the future.

* * * * * * * *

Mr. Chairman, this Subcommittee has previously been responsive to the needs of my congressional district and has supported dredging at the Earle Naval Weapons Station which guarantees navigable channels for naval vessels to enter the Earle Station. One benefit of this project which I would like to see continued is the use of the dredged sands at Gateway National Recreational Area, Sandy Hook.

However, in the case of the Tank Farm project, I implore you to consider the high level of risk my constituency would be forced to endure by having this proposed tank farm in their backyard.

The Navy never has offered any compelling evidence of how this facility would enhance our nation's defense preparedness and in light of recent world events I question the necessity of this project. Accordingly, the Navy should continue to utilize existing facilities at Craney Island, Virginia.

I continue to pursue legislation which would permanently prohibit the Navy from developing the tank farm in Middletown. Therefore, I respectfully request the Committee to prohibit funding for this project in the Fiscal Year 91 budget.

Your assistance and support in this regard is greatly appreciated. Thank you again for your consideration.

Mr. **Hefner**. To my understanding, the Navy has dropped the concept of the tank farm and has not explored any alternatives. There is nothing in the budget. There is no environmental study underway regarding the fuel tank farm. I am assuming that solves the problem. We will be very interested to see what the Navy is planning. We cannot keep them from planning. But we can keep a close watch on funding and what we think will be the most prudent way to spend the monies. Mr. Lowery?

Mr. **Lowery**. Where do the ships fuel?

Mr. **Pallone**. This is what we are talking about. This is the home porting facility. Earle was proposed to be the place where they would refuel, and now they are refueling in Virginia.

Mr. **Lowery**. The second question is: Are there safety arcs required for munitions as well as fuel depots despite the close proximity? Do the proposed fuel bunkers meet those safety arcs

Mr. **Pallone**. I do not see how they could possibly because in some cases, some of the areas that have been proposed for the fuel tanks are within maybe 50 or 100 feet from residences and schools.

Mr. **Lowery**. I think 500 feet or beyond. But it is that close? How about the munitions? How far away are they?

Mr. **Pallone**. My understanding is that I couldn't tell you for sure. I would say though in many cases some of the homes in this area—this is, in many cases, an older area—may very well have been there before the munitions were even brought into Earle. So it is possible. I know that these safety arcs exist. When there is any proposal for new construction that you cannot have the new construction within the safety arc. But I suspect that because the area is older, just from what I can see from having toured the area, that you do have a number of homes that are within the safety arc even for the munitions. But, again, I am not positive about that. I would have to give you more information if you would like.

Mr. **Lowery**. Thank you.

Mr. **Hefner**. Mr. Coleman?

Mr. **Coleman**. I do not have any questions, Mr. Chairman.

Mr. **Hefner**. Thank you, sir.

Mr. **Pallone**. Thank you.

Mr. **Hefner**. Our next witness is Mr. Kirk Fordice, who is representing the Associated General Contractors of America. Good morning, sir.

STATEMENT OF KIRK FORDICE, PRESIDENT OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

MILITARY INFRASTRUCTURE

Mr. **Fordice**. Good morning, Mr. Chairman.

Mr. **Hefner**. Your entire statement will be part of the record. You can summarize your statement or proceed in any way you see fit.

Mr. **Fordice**. Thank you, Mr. Chairman. I am the President of Associated General Contractors of America and have been since last Monday anyway. I am also a small business construction contractor and President of Fordice Construction Company in Vicksburg, Mississippi. I am testifying today on behalf of the Associated General Contractors of America. AGC submits that the military infrastructure necessary to defend our country is in a sad state of disrepair and must be addressed. The United States spends huge sums on military infrastructure. The Defense Department request for military construction last year was almost $9 billion. If we add the request for maintenance funds, the figure increases to over $14 billion, which is more than five percent of the entire DOD budget. But it is well documented that this is not nearly enough to properly maintain our armed forces. The physical plant at our defense installations is now estimated at $450 billion. The bulk of it was built in the forties and fifties in response to World War II and the Korean War. Therefore, many buildings were intended only as temporary structures, and now we are four decades, almost 50 years in some cases, and they are still in use. Coupled with this age problem is the fact that the composition of our armed forces has changed dramatically with the advent of the all-volunteer force and with its increased emphasis on family and women. There are many more dependents under military care today and five times as many women in uniform as there were 15 years ago. Excellent, modern facilities are a must for this nation's defense readiness. They provide the foundation for defense. They also fulfill this nation's obligation to provide for its military personnel and their dependents and encourages volunteers to join our all-volunteer armed forces. AGC urges Congress, at the very least, to meet the Administration's budget request of $9 billion for military construction. In our organization, we have noticed an increased trend in the federal procurement process towards competitive negotiation over sealed bids. Inherent in the very nature of the competitive negotiation process is subjective decisionmaking which does not always assure awarding the contract to the firm with the lowest responsible bid. The most effective and unbiased method of awarding federal contracts is an open and competitive sealed bidding process where the lowest responsible bidder is awarded the contract. AGC is greatly concerned about the effect that competitive negotiations will have on small firms, which constitute the vast majority of construction contractors in this country. By its very nature, competitive negotiation raises the cost of preparing a bid solicitation by three to four times the cost of preparing a bid through the sealed bid procedure. In addition, the delay inherent in awarding a contract through competitive negotiation ties up a small firm's bonding capacity so that it is unable to take on any further work until the completion of a competitive negotiation. The end result of the trend is toward competitive negotiation and away from sealed bids. It will ultimately be the elimination of small construction firms from procuring federal construction contracts. Because of these concerns, last year AGC issued a report entitled "Report on Construction Quality: Competitive Negotiation v. Sealed Bids in Federal Construction Procurement," and we would like to submit a copy of that into the record of this hearing, if we may, Mr. Chairman.

Mr. **Hefner**. No objection.

Mr. **Fordice**. We recommend that this committee urge the Office of Federal Procurement Policy to follow this report's recommendations, which are detailed in my written testimony. The Davis-Bacon Act should be repealed or reformed. We have had a longstanding position that the Davis-Bacon Act is unnecessary, economically unsound, impossible to administer and should be repealed. Until Davis-Bacon is repealed, AGC supports continuing the reform efforts and restricting its application. Regardless of the purpose of the Davis-Bacon Act when it was passed, economic conditions and the construction industry of 1990 bear no resemblance to 1931. The purchase of construction services by the federal government should not dictate additional costs which do not exist in the private sector. For all the reasons stated in my written testimony, AGC supports the repeal of the Davis-Bacon Act, and if not repealed, AGC strongly supports the reforms introduced last year by Representative Charles Stenholm and supported by the Administration, which would raise the threshold for application of the Davis-Bacon Act to a quarter-of-a-million dollars from $2,000 and expand the use of helpers.

AGC also has a great problem with Section 1207 of the National Defense Authorization Act for 1987. It was directed to the Department of Defense to award five percent of the combined total of obligated funds for procurement, research, development, testing and evaluation, military construction, operations and maintenance to small firms owned and controlled by socially and economically disadvantaged individuals, historically black colleges and universities and other minority institutions, commonly known as SDBs. In light of a recent Supreme Court decision, the *City of Richmond* v. *Croson,* such a racially driven program that is aimed at providing an advantage to some over others because of skin color or ethnic background is legally suspect and must undergo the strictest scrutiny. Moreover, the five-percent goal is arbitrary at best and was not based on any evidence or findings of racial discrimination in the Defense procurement contracting process. Furthermore, in the opinion of DOD, itself, the five-percent goal is unrealistic and unattainable. So, of course, what happens in actuality is that construction bears much more than its share because you can't get five percent in much of the procurement on the hardware side and B-2 bombers and radars or whatever. It can be done in construction, and we, in construction, bear much more than our proportional share and have been getting well over 10 percent, twice what the goal is for overall DOD. It just gets shoved from the hardware side over to our side and excludes a lot of people from the marketplace. That is my objection to it.

In conclusion, AGC urges increased funding for military construction and, at the very least, supports the Administration's budget request for military construction. We urge the committee to urge OFPP to follow the recommendations of AGC's report on the increased use of competitive negotiation, and we believe that Davis-Bacon should be repealed or, at the very least, significantly modified by increasing the threshold to a quarter-of-a-million dollars from $2,000 currently for all military construction. We believe that DOD's Section 1207 program should be modified to exempt construction, which is exceeding the five-percent goal, or, in the alternative, reinstate the exception for small business set asides for contracts valued under $2 million. Thank you, Mr. Chairman.

[The information follows:]

Testimony Of
Kirk Fordice
of

The Associated General Contractors of America

Presented to the
Military Construction Subcommittee
of the
Committee on Appropriations
United States House of Representatives
March 29, 1990

On the Topic of
FY '91 Military Construction Appropriations

SKILL RESPONSIBILITY INTEGRITY

AGC is:

- More than 32,500 firms including 8,000 of America's leading general contracting firms responsible for the employment of 3,500,000-plus employees;
- 102 chapters nationwide;
- More than 80% of America's contract construction of commercial buildings, highways, industrial and municipal-utilities facilities.

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TESTIMONY OF KIRK FORDICE
THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
MARCH 29, 1990

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Mr. Chairman, my name is Kirk Fordice. I am the President of the Associated General Contractors of America. I am also a small business construction contractor and President of Fordice Construction Company, Vicksburg, Mississippi.

I am testifying today on behalf of the Associated General Contractors of America. AGC represents more than 32,500 firms including 8,000 of America's leading general contracting companies. These general contractors perform more than 80% of America's contract construction of commercial buildings, highways, heavy-industrial and municipal-utilities facilities, and are responsible for the employment of more than 3,500,00 individuals.

AGC was formed in 1918 by 27 representatives of the nation's leading construction firms after President Woodrow Wilson realized that mobilization during World War I was hampered by the lack of an association to represent the industry.

Since that time, AGC and the military have continuously worked together on behalf of the taxpaying public.

Today, AGC has committees working with the Department of Defense, Army Corps of Engineers and Naval Facilities Engineering Command for the purpose of improving the military construction procurement process by making it more efficient.

Maintaining The Nation's Military Infrastructure

AGC submits that the military infrastructure necessary to defend our country is in a sad state of disrepair and must be addressed. The United States spends huge sums on military infrastructure. The Defense Department request for military construction last year was almost $9 billion. If we add the request for maintenance funds, the figure increases to over $14 billion -- more than 5% of the entire Defense Department budget. But it is well documented that this is not enough to properly maintain our armed forces.

The physical plant at our defense installations is now estimated at $450 billion. The bulk of it was built in the '40s and '50s in response to World War II and the Korean War. Many buildings were intended only as temporary structures and yet, after more than four decades, they are still in use.

Coupled with the age problem is the fact that the composition of our armed forces has changed dramatically with the advent of the all-volunteer force and with its increased emphasis on family and women. There are many more dependents under military care today and five times as many women in uniform as there were 15 years ago.

Excellent, modern facilities are a must for this nation's defense readiness. They provide the foundation for defense. They also fulfill this nation's obligation to provide for its military personnel and their dependents and encourage volunteers to join our all-volunteer armed forces. AGC urges Congress, at the very least, to meet the Administration's budget request of $9.0 billion for military construction.

The Effect Of The Military Construction Freeze On The Nation's Military Infrastructure

On January 24th of this year, Secretary of Defense Cheney placed a moratorium on new military construction. In light of the changing nature of the world, the Administration temporarily halted military construction. AGC has requested that DoD allow projects that it knows will go forward to proceed, and proceed as soon as possible. AGC's request is merely that DoD make an orderly transition from one level of procurement to another, which will benefit DoD and the construction firms, many of which are small, and who do a large portion of DoD's construction.

The Inappropriate Use Of Competitive Negotiation Over Sealed Bids In Federal Procurement

AGC has noticed an increasing trend in the federal procurement process towards competitive negotiation over sealed bids. Inherent in the very nature of the competitive negotiation process is subjective decision-making which does not always assure awarding the contract to the firm with the lowest responsible bid. The most cost effective and unbiased method of awarding federal contracts is the open and competitive sealed bidding process, where the lowest responsible bidder is awarded the contract.

AGC is greatly concerned about the effect that competitive negotiations will have on small firms, in particular small business construction firms, which constitute the vast majority of construction contractors in this country. By its very nature, competitive negotiation raises the cost of preparing a bid solicitation by three to four times the cost of preparing a bid through the sealed bid procedure. In addition, the delay inherent in awarding a contract through competitive negotiation ties up a small firm's bonding capacity so that it is unable to take on any further work until the completion of a competitive negotiation. The end result of this trend toward competitive negotiation and away from sealed bids will ultimately be the elimination of small construction firms from participating in federal construction contracts.

Because of these concerns, last year AGC issued a report entitled "Report on Construction Quality: Competitive Negotiation v. Sealed Bids in Federal Construction Procurement," which we would like to submit into the record of this hearing. We recommend that this Committee urge the Office of Federal Procurement Policy to follow the report's recommendations which include the following:

1. The FAR Council should be directed to modify the FAR so that it states clearly that the Competition in Contracting Act (CICA) is oriented toward hardware and

technology procurement and not construction.

2. The FAR Council should be directed to restate and clarify that the FAR:
    - affirms a preference for sealed bidding in federal construction;
    - clearly delineates the exceptional circumstances when negotiated construction procurements may be appropriate; and
    - clearly sets forth the procedural safeguards procurement agencies are to follow before a negotiated construction procurement is allowed to proceed.

3. For those exceptional situations which may warrant a negotiated federal construction procurement, the FAR Council should be directed to include in the FAR a process for review of a contracting officer's recommendation for a negotiated construction procurement. This review process should require the written justification of the contracting officer, and the approval of the Head of the Agency involved for any negotiated construction procurement to proceed.

The Davis-Bacon Act Should Be Repealed Or Reformed

AGC's longstanding position is that the Davis-Bacon Act (Act) is unnecessary, economically unsound, impossible to administer and should be repealed. Until Davis-Bacon is repealed, AGC supports continuing reform efforts and restricting its application.

Regardless of the purpose of the Davis-Bacon Act when it was passed, economic conditions and the construction industry of 1990 bear no resemblance to 1931. The purchase of construction services by the federal government should not dictate additional costs which do not exist in the private sector.

When considering the necessity of applying the Davis-Bacon Act to projects funded by the programs being examined by the Committee today, it is very illuminating to keep in mind the average wage rates for some of the crafts typically employed on these projects.

For instance, the national average collectively bargained wage and fringe rate for bricklayers as of January 1, 1988, was $22.73 per hour; for carpenters $21.55; for laborers $17.50.[1] The Department of Labor often accepts extremely high collectively bargained wage and fringe rates for crafts on Davis-Bacon construction. The fact is that construction wage scales are primarily established by market forces. In an era of shortages of workers, construction contractors who do not have collective bargaining agreements are paying equally high wage rages to secure their workers. This hardly seems like a situation in need of federal protection.

The Impact Of The Davis-Bacon Act On Department Of Defense Military Construction

The family housing construction programs of the Defense Department are budgeted for over $3.45 billion in fiscal year 1991. This constitutes over one-third of the Department's entire construction budget.

Imposing prevailing wage requirements on this construction can absorb several hundred million dollars of the total amount budgeted.

It has been argued that the higher wage rates frequently imposed by the Davis-Bacon Act result in the hiring of more productive and cost-effective workers -- thus neutralizing any inflationary wage effect and ensuring "quality" construction. If this is true, projects constructed with Davis-Bacon wage and labor practices should cost less than comparable private projects. The research conducted on this issue to date does not confirm this proposition.

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[1]. Construction Labor Research Council, Wage and Benefits Settlements - First, Second and Third Year Dollar Increases, Distribution by Craft - United States (1989).

In 1974, Florida exempted construction initiated by county school boards from the state prevailing wage law. Florida calculated prevailing wages under its law on the same basis as Davis-Bacon. In 1978, when a bill was introduced to subject this construction to the state prevailing wage law again, 22 Florida counties calculated the dollar savings resulting from the exemption. The cost savings averaged 15% for all 22 counties, and ranged from 2% to 25%. None of the reporting counties noted any differences in the quality of buildings constructed under the prevailing wage and those that were not. Florida found this data to be very persuasive when it repealed the state prevailing wage law in 1979.

Likewise, an Oregon State University study found that total construction costs for public building projects in rural areas subject to the Act were 26% to 37.7% higher than comparable private projects. Again, no differences in the quality of construction.

For all of the above reasons, AGC supports the repeal of the Davis-Bacon Act. If not repealed, AGC strongly supports the reforms introduced last year by Representative Charles Stenholm (D-Tex) and supported by the Administration, which would raise the threshold for application of the Act to $250,000 from $2,000 and expand the use of helpers.

DoD's Section 1207 Program Should Exempt Construction From Its Coverage Or At Least Be Modified To Reinstate The Exception For Small Disadvantaged Business Set Asides

The statute which established Section 1207 (The National Defense Authorization Act for Fiscal Year 1987, Public Law 99-661) directed DoD to award 5 percent of the combined total of obligated funds for procurement; research, development, testing and evaluation; military construction; and, operations and maintenance, to "small firms owned and controlled by socially and economically disadvantaged individuals, historically Black colleges and universities, and other minority institutions."

The very definition that the statute relies upon to identify "socially and economically disadvantaged" firms is problematic because it presumes that all minorities are eligible and qualify as disadvantaged. In light of a recent Supreme Court decision (City of Richmond v. J.A. Croson), such a racially driven program that is aimed at providing an advantage to some over others because of skin color or ethnic background is legally suspect and must undergo the strictest scrutiny.

Moreover, the 5 percent goal is arbitrary at best and was not based on any evidence or findings of racial discrimination in the Defense procurement contracting process. Furthermore, in the opinion of DoD itself, the 5 percent goal is "unrealistic" and "unattainable". For example, only a small percent of the operations and maintenance budget is spent through contracting.

Unfortunately, Congress did not elect to exercise its oversight responsibilities of this program in 1989, prior to extending Section 1207 for three additional years. AGC offers these comments in the hope that they will cause Congress to conduct such oversight now, and decide to modify the 1207 program to remove the inequities it has caused in the military construction procurement process.

The amount of historic contracting activity by SDBs in all procurement categories has never approached the arbitrary 5 percent goal. In the fiscal year preceding enactment of Section 1207 (FY 85), SDB aggregate contracting with DoD was 2.1 percent ($2.9 billion of $139.6 billion).

It is reasonable to question whether the across-the-board 5 percent goal is impossible to achieve in the first place. DoD states it cannot find enough SDB sources to perform the work. These concerns deserve some attention. According to the U.S. Department of Commerce, of the 450,000 construction establishments (the overwhelming majority of which are small businesses), only 3600 are small disadvantaged firms. That is, 8 tenths of one percent of existing construction firms are small disadvantaged firms. How many SDB firms exist in the other industries? Did Congress examine those statistics before imposing the 5 percent goal? Is 5 percent an appropriate goal?

With respect to military construction, however, the goal has indeed been achieved and in fact, exceeded. Thus, military construction is being burdened with the task of making up for deficiencies of other industries that are not contracting with SDBs. Before Section 1207 was enacted, (FY 85) DoD awarded 9 percent of military construction contracts to small disadvantaged businesses, $709 million out of $7.9 billion. The 5 percent objective was achieved in military construction without the 1207 set-aside. According to the Federal Procurement Data Center, federal contract awards with DoD to SDBs in construction for subsequent years were 6.77 percent in FY 86, 7.05 percent in FY 87, and 9.40 percent in FY 88.

Despite the construction industry's record in the area of small disadvantaged participation without the set-asides authorized by Section 1207, higher and higher quotas for awards to SDBs are now being required by DoD construction agencies. For example, the Naval Facilities Engineering Command's FY 87 interim goal for awards to SDBs was 11 percent. In FY 88, its interim goal was 26.4 percent.

An argument is being made by the Defense Department that the 5 percent objective must be achieved in industries which have the potential to fulfill the "arbitrary" goal that is assigned, and the construction industry is, therefore, being looked upon to make an abnormally large "contribution" toward DoD's overall objective.

It is obvious to AGC that the goals and achievements for military construction are supplementing the SDB utilization objectives of other areas of procurement. AGC believes it is unfair and unreasonable to expect the Section 1207 five percent objective for all DoD procurement to be met through military construction alone.

AGC believes coverage of Section 1207 should be tailored so as to cover industries which have not achieved the stated goal, and to relieve industries satisfying or exceeding the SDB goal requirement.

What is the impact of all of this on the ability of the small construction business, not owned and controlled by socially and economically disadvantaged individuals, to compete for military construction contracts with DoD? Compare FPDC data for FY 87, FY 88, and FY 89 with that of FY 86. Total DoD contract awards in FY 87 fell $1.2 billion from FY 86, and in FY 88 fell $5.7 billion, and in FY 89 fell $16.5 billion. During those years, small business firms' dollar share also dropped in FY 87 by $300 million, in FY 88 by $1.7 billion, and in FY 89 by $4.1 billion. SDB dollar share meanwhile grew in FY 87 by $200 million, in FY 88 by $500 million and in FY 89 by $1 billion. What this data suggests is that small businesses have been adversely impacted by the Section 1207 program.

It also suggests that the very protections for small businesses called for in Section 806 of P.L. 100-180 are not occurring. Section 806 states that the "[P]olicies and procedures which, to the maximum extent practicable, will ensure that current levels in the number of dollar value of contracts awarded under the program established under section 8(a) of the Small Business Act and under the small business set-aside program established under section 15(a) of the Small Business Act are maintained and that every effort is made to provide new opportunities for contract awards to eligible entities, in order to meet the goal of section 1207 of the National Defense Authorization Act for Fiscal Year 1987."

Section 806 essentially exempted contracts previously procured under small business set-asides from being converted into Section 1207 SDB set-asides. DoD correctly recognized what Congress mandated and issued regulations on February 19, 1988 which provided that SDB set-asides "shall not be conducted (when) the product or service has been previously acquired successfully by the contracting officer on the basis of a small business set-aside." The regulations further provided an exception to SDB set-asides for construction contracts valued between $5,000 and $2 million.

DoD's subsequent implementing guidance for Title VII of Public Law 100-656 (Small Business Competitiveness Demonstration Program) issued January 27, 1989 (Federal Register, Vol. 54, No. 17, pg. 4247) wrongly deleted the exception from SDB set-asides under Section 1207 for contracts which traditionally had been set-aside by DoD for small business. In construction, that consisted of all contracts under $2 million in value. By deleting this exception (219.502-72 (b)), DoD is in fact expanding SDB participation at the expense of small businesses instead of identifying new market opportunities.

DoD's initial regulatory guidance (2/19/88) correctly provided for the use of total SDB set-asides only for procurements which had not previously been successfully procured under traditional set-asides open to all small businesses. This was done precisely so as to lessen any tendency to concentrate SDB procurements in categories (such as construction) where SDB and other small businesses already compete and where significantly increased SDB contract awards would come at the expense of non-minority small business.

To ease the adverse impact of shifting contract opportunities otherwise available to small businesses by opening a class of contracts (between $5,000 and $2 million) for exclusive SDB participation, AGC recommends reinstating the exceptions to total SDB set-asides as promulgated in 48 CFR 219.502-72 (b) (1988). This is in keeping with the congressional mandate in Section 806 which exempts contracts previously procured under small business set-asides from being converted into SDB set-asides.

Conclusion

In conclusion, AGC:

- urges increased funding for military construction and, at the very least, supports the Administration's budget request for military construction;
- believes that Congress should monitor the Department of Defense's moratorium on military construction to assure that projects that will go forward should proceed as soon as possible;
- urges this Committee to recommend to OFPP that it follow the recommendations of AGC's report on the increased use of competitive negotiation;
- believes that the Davis-Bacon Act should be repealed or, at the very least, significantly modified by increasing the Act's dollar threshold to $250,000 for all military construction; and
- believes DoD's Section 1207 program should be modified to exempt construction which is exceeding the 5% goal, or, in the alternative, reinstate the exception for small business set asides for contracts valued under $2 million.

Report on Construction Quality:

Competitive Negotiation v. Sealed Bids In Federal Construction Procurement

The Associated General Contractors of America
AGC
SKILL RESPONSIBILITY INTEGRITY

October 1989

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REPORT OF CONSTRUCTION QUALITY: COMPETITIVE NEGOTIATION V. SEALED BIDS IN FEDERAL CONSTRUCTION PROCUREMENT

EXECUTIVE SUMMARY

As a result of concerns expressed by a Task Force on Government Contracting of the Associated General Contractors of America, E. Manning Seltzer, former Chief Counsel of the United States Army Corps of Engineers, was requested to conduct an independent review of, and make recommendations with respect to:

(a) a report to the Department of Defense by the Logistics Management Institute (LMI) which advocated increased use by DoD of "innovative" contracting practices, such as competitive negotiation, in construction procurement, in an effort to improve quality; and

(b) a perceived drift toward negotiated procurement generally in federal construction, apparently stimulated by federal agency misperceptions of the 1984 Competition in Contracting Act (CICA).

Mr. Seltzer's report is the result of an extended study of federal construction procurement, including: the legislative history of federal acts addressing construction procurement; the acts themselves; analysis of the report of the Logistics Management Institute; interviews with construction personnel at various levels in the federal agencies and elsewhere and review of specific construction contract information reported by each federal agency to the Federal Procurement Data Center.

The report's introduction describes the impetus behind the 1984 Competition in Contracting Act (CICA), which according to Mr. Seltzer is widely, and incorrectly cited as endorsing equal basis usage of negotiated proposals with traditional open, competitive sealed-bid procedures for federal construction procurement. As appears from the statute itself, the implementing regulations (Federal Acquisition Regulation) and the legislative history, this is not the case. CICA was concerned with increasing competition in the procurement of military hardware and other high technology items and resulted from clearly excessive use of sole-source procurement in the Department of Defense.

Construction was not a concern of this legislation which usefully, and primarily, seeks "full and open competition." Mr. Seltzer argues that it is the implication of the statute that negotiation will be used in construction only in those unusual situations when sealed bidding, for particular and specific reasons, is not practicable.

Nevertheless, the Competition in Contracting Act has been seized upon to meet another, although unrelated concern, in the construction industry - that of quality. The report of the Logistics Management Institute attempted to merge these separate concerns and suggested that quality in federal construction can be improved by increased usage of negotiated, instead of sealed bidding, procurement. Mr. Seltzer concludes that few facts, little logic, and no track record support this conclusion.

The report describes the views of federal procurement officials who, almost universally, express the belief that: 1) resort to negotiation is not a panacea for improving quality; and 2) the procedure for contractor selection and the type of contract have little or no impact on quality. The federal construction agencies consulted for the report reaffirmed the desirability of fixed-price, sealed bidding, so long as adequate design and time are available.

Furthermore, full and open sealed bids, together with a firm-fixed-price form of contract, solicit from construction contractors the lowest price to construct a federal construction project, which results in the most cost effective way to procure such construction, according to Mr. Seltzer.

However, as the report describes, major federal agencies have increased their use of negotiated construction procurement for dubious reasons (exemplified by the procurement of a shower/toilet facility, which supposedly involved innovation and complexity). Current statistics from the Federal Procurement Data Center indicate that the overall dollar amount and numbers of negotiated construction contracts, particularly in the Department of Defense, have risen dramatically in recent years. In fact, as the report shows, the dollar amount of negotiated construction contracts, for a number of federal agencies, is now actually exceeding the dollar amount of sealed bid construction contracts.

Mr. Seltzer concludes that this is a development which is contrary to federal policy, contrary to the spirit of "full and open" competition and is of great concern to the construction industry. Thus, a statute which nominally seeks to increase competition (CICA) is being distorted, as to construction, to achieve the opposite result.

As to the quality issue, the report discusses various definitions of quality in federal construction and the ways in which it can realistically be improved. It reviews the question of "QUALITY" in its various definitions and draws a distinction, often overlooked or blurred in the commentaries of various authors, between quality in the construction process and quality in the completed, constructed project.

The study also reports the results of a survey of Defense Department personnel, which found that the type of contract is a very minor factor contributing to "quality" compared with such important factors as realistic customer criteria (giving due consideration to fund limitations and completion dates), planning, design definitization and adequacy, constructability, biddability, and execution of construction.

Mr. Seltzer's report rejects the findings of the Logistics Management Institute (LMI) report and concludes that quality is actually achieved by way of complete design to meet the intended use, followed by execution in full conformance with carefully prepared plans and specifications.

The report concludes with recommendations. Key among them are:

1. Congress and the procurement agencies should recognize that the Competition in Contracting Act (CICA) was oriented toward hardware and technology procurement and not construction.

2. There should be included in a Congressional authorization or appropriation, a provision clarifying the preference for sealed bid procurement in federal construction as the obvious way to achieve the CICA goal of "full and open" competition.

3. With or without legislation, the FAR Council should be directed to restate and clarify the Federal Acquisition Regulation (FAR) to:

    - affirm the preference in federal construction for sealed bidding;
    - clearly delineate the exceptional circumstances when negotiated construction procurements may be appropriate; and

- clearly set forth the procedural safeguards procurement agencies are to follow before a negotiated construction procurement is allowed to proceed (see next recommendation).

4. For those exceptional situations which may be occasion for negotiated federal construction procurement, a process for review of a Contracting Officer's recommendation for a negotiated construction procurement should be established by all federal agencies. This review process should require the approval of the Head of the Agency involved for any negotiated construction procurement to proceed.

BACKGROUND: METHODOLOGY, CONDUCT OF THE STUDY

This report arises from the concerns expressed by a Special Task Force on Government Contracting of the Associated General Contractors of America.

E. Manning Seltzer, Special Counsel to the Washington, D.C. law firm of Zorc, Rissetto, Weaver & Rosen, former General Counsel of the Corps of Engineers and a widely-respected authority in construction, was requested by AGC to gather and evaluate information and opinion independently with respect to quality concerns and the recent drift within the federal construction agencies toward negotiated construction contracts. Mr. Seltzer also was requested to evaluate an earlier report to the Department of Defense entitled "Contracting for Quality Facilities," Report AL 702R1 (October 1987) written by the Logistics Management Institute.

Mr. Seltzer's report, and the conclusions it reaches, are based not only upon the interviews conducted and data gathered, as described in the report and its appendices, but also upon the extensive experience of Mr. Seltzer, Lt. Gen. (Ret.) John W. Morris, former Chief of the United States Corps of Engineers, Charles B. Molineaux, a partner in the firm with 30 years of experience in construction law, and Harold I. Rosen, a partner in the law firm who has specialized in construction law for over 20 years.

Review of materials and the soliciting of data and opinions were conducted by Mr. Seltzer, General Morris, Mr. Molineaux and

Mr. Rosen assisted by associates of the firm, Mark Davis and Ron Raider. The remainder of the report is comprised of an introductory discussion of federal construction, five substantive chapters and conclusions and recommendations:

Chapter One discusses recent developments in federal construction which must be viewed in the context of the whole of federal purchasing. The original intent of the Competition in Contracting Act of 1984 is considered as well as and its aftermath, particularly the Department of Defense-sponsored report of the Logistics Management Institute of 1987. The divergent approach to construction contracting of the Postal Service is noted.

Chapter Two analyzes the procedures available to federal owners for choosing the construction contractor or, in the jargon of federal procurement, "source selection." It considers the types of contract available. The distinction is noted between the system of selecting the contractor and the selecting of the type of contract to be entered into for performance of construction.

Chapter Three considers the results of the information gathered and whether or not there actually exists a meaningful and/or workable correlation in federal construction between source selection (*i.e.*, sealed bid advertising versus competitive negotiation) and contract type on the one hand, and the achievement of a quality constructed project on the other.

Chapter Four describes new, experimental contracting procedures adopted within the framework of the sealed bidding method. It also examines recent, specific examples of dubious use of competitive negotiation and presents statistics demonstrating a strong overall trend toward negotiated procurement, especially in the Department of Defense.

Chapter Five reviews the question of "QUALITY" in its various definitions and draws a distinction, often overlooked or blurred in the commentaries of various authors, between quality in the construction process and quality in the completed, constructed project. Chapter 5 also considers, as to quality, how it is actually achieved and the techniques and tools available to attain quality.

The Report's conclusions and recommendations follow Chapter Five.

INTRODUCTION

FEDERAL PROCUREMENT GENERALLY AND CONSTRUCTION PROCUREMENT

I. Statutes and Regulations

A. In General

Federal procurement policy dates back to 1793, when the Second Congress passed the first law governing federal procurement. The federal procurement system, as it appears today, developed after World War II with the enactment of the Armed Services Procurement Act of 1947[1/] and the Federal Property and Administrative Services Act of 1949.[2/] These Acts, as amended, in conjunction with voluminous regulations issued under them, still constitute most of the procedures pertaining to the present federal procurement system. The growth of such regulations is attributable, in part, to the attempt to reduce discretionary activity among federal agencies which may be perceived as leading to potential favoritism.[3/]

[1/] Public Law No. 413, 80th Cong., 2d Sess., reprinted in 1 U.S. Code Cong. Serv. 20 (1948).

[2/] Public Law No. 754, 81st Cong., 2d Sess., reprinted in 3 U.S. Code Cong. Serv. 659 (1950).

[3/] Senate Report No. 665, 97th Cong., 2d Sess. 1-3 (1982).

B. The Federal Acquisition Regulation

The Federal Acquisition Regulation (FAR)[4] was established to codify[5] and publish uniform policies and procedures for acquisition by all executive agencies. Personnel from both DOD and GSA originally drafted the FAR, under the direction of the Office of Federal Procurement Policy. FAR first became published in September 1983, but did not take effect until April 1, 1984.

The FAR system consists of the FAR (the "primary document") and agency acquisition regulations that implement or supplement the FAR. This system was developed in accordance with the requirements of the Office of Federal Procurement Policy Act of 1979[6] and is prescribed and maintained jointly by the Secretary of Defense, the administrators of GSA and the National

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[4] The two principal procurement regulations, formerly, were the Armed Services Procurement Regulations (ASPR), published by the Department of Defense (DOD), and the Federal Procurement Regulations (FPR), published by the General Services Administration (GSA). In 1979 the title "Armed Services Procurement Regulations" was changed administratively to the "Defense Acquisition Regulation" (DAR); however, the acronym ASPR continued in use unless a particular section was modified. 6 Gov't. Cont. Rep. (CCH); W. Keyes, Government Contracts in a Nutshell 373 (1979).

[5] The FAR is codified as Chapter 1 of Title 48 of the Code of Federal Regulations and contains 53 parts categorized in eight Subchapters: (A) General; (B) Competition and Acquisition Planning; (C) Contracting Methods and Contract Types; (D) Socioeconomic Programs; (E) General Contracting Requirements; (F) Special Categories of Contracting; (G) Contract Management; (H) Clauses and Forms.

[6] Public Law No. 93-483, as amended by Public Law No. 96-83, 1979 U.S. Code Cong. & Admin. News. (93 Stat.) 648.

Aeronautics and Space Administration, under their statutory authorities.[7]

The FAR applies to all "acquisitions,"[8] except where expressly excluded.[9] It covers both personal property and construction but does not regulate procurement with non-appropriated funds.[10] Moreover, the FAR applies to both new property (existing supplies or services) and old property (that which must be created or developed).[11]

Thus, agencies are bound by the FAR, although "an agency head may issue or authorize the issuance of agency acquisition regulations that implement or supplement the FAR."[12] Military departments, defense agencies, NASA, and other civilian agencies issue their own independent regulations. These implementing or supplemental regulations incorporate, in conjunction with the FAR, agency-wide policies, procedures, contract clauses, and solicitation provisions that delineate the contracting process. These regulations, which must be published in the Federal

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[7] FAR 1.102.

[8] FAR 2.101 defines "acquisition" as "the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease...."

[9] FAR 1.103.

[10] E.g., United States Postal Services procurement is not governed by the FAR. 39 U.S.C. 410(a).

[11] FAR 2.101.

[12] The term "supplement" means there is no counterpart in the FAR. FAR 1.301.

Register and codified under an assigned chapter in Title 48, Code of Federal Regulations,[13] control the relationships between the agency with its subparts, contractors and potential contractors. Some agencies have lengthy detailed regulations.[14]

C. The Competition In Contracting Act (CICA)

On April 1, 1985 Title VII of the Deficit Reduction Act of 1984, more widely known as the Competition In Contracting Act (CICA),[15] became effective. As its name implies, CICA attempts to increase the use of competitive procedures in government procurement and inhibit noncompetitive contract awards.[16] CICA significantly reformed the area of Government Contracting and specifically amended: (1) the Armed Services Procurement Act of 1947, 10 U.S.C. 2301 et seq.; (2) the Federal Property and Administrative Services Act of 1949, 41 U.S.C. 451 et seq.; and (3) the Office of Federal Procurement Policy Act, 41 U.S.C. 401 et seq.[17]

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[13] FAR 1.303.

[14] DOD, for example, initially implemented a 1200 page DOD FAR Supplement, which also took effect April 1, 1984.

[15] Pub. L. No. 98-369, 98 Stat. 1175-1203, Title VII, of the Deficit Reduction Act of 1984, signed into law July 18, 1984.

[16] S. Rep. No. 2127, 97th Cong., 2d Sess. (1982).

[17] Competition in Contracting Act of 1984, Pub. L. No. 98-369, 98 Stat. 1175 (codified as amended at: Armed Forces Procurement, 10 U.S.C. 2301 to 2306, 2310, 2311, 2313, 2356; Procurement Protest System, 31 U.S.C. 3551 to 3556; Federal Property and Administrative Services, 40 U.S.C. 759; Federal Procurement Policy, 41 U.S.C. 251 note, 252, 253, 253a, 253b,
(continued...)

CICA was the direct result of more than a decade of study of waste and inefficiency in government procurement.[18] The major thrust behind CICA was to reduce the use of sole source procurements and increase competition throughout federal procurement, but especially with respect to expensive military hardware.[19] Prior to CICA, the vast majority of contracts (i.e., military hardware) were awarded through the use of non-competitive procedures.[20] As the Court noted in SMS Data Prods. Group, Inc. v. United States, 853 F.2d 1547, 1554 (Fed. Cir. 1988):

> The Competition in Contracting Act was 'designed to increase the use of competition in Government contracting and to impose more stringent restrictions on the awarding of noncompetitive -- sole source -- contracts.' H.R. Conf. Rep. No. 861, 98th Cong., 2d Sess. 1421, reprinted in 1984 U.S. Code Cong. & Ad. News 697, 1445, 2109. The Conference agreement on CICA rejected "effective"

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[17] (...continued)
254, 257 to 260, 403, 405, 407 note, 414, 416 to 419 (Supp. IV 1986).

[18] See Commission on Government Procurement, Report of the Commission on Government Procurement (1972)(submitted to Congress pursuant to Pub. L. No. 91-129 (1969); H.R. Report No. 1157, 98th Cong., 2d Sess. 10-17 (1984). See also Ameron, Inc. v. United States Army Corps of Eng'rs, 607 F. Supp 962 (D.N.J. 1985).

[19] In FY 1982, the Army expended 59.7 percent of its contract dollars on non-competitive procurement, the Navy 73.3 percent, and the Air Force 65.8 percent. W. Keyes, Government Contracts Under the Federal Acquisition Regulation, 15.1 at 195 n.5 (referencing 43 C.F.R. 746 (1985)).

[20] In FY 1983, the federal government awarded $168 billion in contracts. Of that total "only about one-third, $54 billion, was categorized as competitive." Competition in Contracting Act of 1984: H.R. Report No. 1157, 98th Cong., 2d Sess. 12 (1984).

> competition as too low a standard for government procurements, and instead substituted "full and open" competition as the standard.... (Footnote omitted.)

Another noticeable change brought about by CICA involves solely terminology. The cornerstone, historically, of federal procurement practice, "formal advertising," has been replaced with the term "sealed bids,"[21] while "competitive proposals" and "other than competitive procedures" are used instead of "negotiation."[22] Sealed bids and competitive proposals have the same substantive meaning and the same requisite elements, respectively, as the terms "formal advertising" and "negotiation."

With respect to further substantive changes, CICA removed the statutory requirement that for Contracting Officers to use negotiated procedures, they must issue written determinations and findings that one of the 17 exceptions to formal advertising exists.[23] However, a misconception expressed by commentators and government officials concerning CICA's impact is that it placed competitive negotiation on a par with sealed bidding. CICA specifically states that:

> (2) In determining the competitive procedure appropriate under the circumstances, the head of an agency --
>
> (A) shall solicit sealed bids if --

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[21] 10 U.S.C. 2304(a)(2); *cf.* 41 U.S.C. 253(a)(1)(A).

[22] 10 U.S.C. 2304(a)(2)(B); 10 U.S.C. 2304(c).

[23] 10 U.S.C. 2310(b), 41 U.S.C. 257(c).

> > (i) time permits the solicitation, submission, and evaluation of sealed bids;
> >
> > (ii) the award will be made on the basis of price and other price-related factors;
> >
> > (iii) it is not necessary to conduct discussions with the responding sources about their bids; and
> >
> > (iv) there is a reasonable expectation of receiving more than one sealed bid; and
>
> (B) shall request competitive proposals if sealed bids are not appropriate under clause (A).[24]

Under CICA, therefore, agencies are still required to solicit sealed bids when (1) there is sufficient time, (2) award is based on price, (3) discussions are not necessary, and (4) more than one sealed bid is expected to be submitted.[25] The preference, traditionally accorded formal advertising under pre-CICA statutes, although somewhat lessened, is retained.[26] Under ordinary circumstances, federal agencies after the passage of CICA are still bound to procure goods and services through the use of sealed bidding.[27]

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[24] CICA, Section 2723, amending 10 U.S.C. 2304(a)(2)(A & B).

[25] DOD testified, extolling the virtues of sealed bidding, before the Procurement Subcommittee of the Senate Armed Services Committee (February 8, 1980):

> There is no disagreement on what the basic prerequisites for formal advertising are. These criteria are: (1) a complete, adequate and realistic specification or purchase description must be available, (2) there must be two or more suppliers available, (3) the selection of the successful bidder can be made on the basis of price alone, and (4) there must be sufficient time. *Formal advertising is an excellent method of procurement when these criteria are met*. (Emphasis added.)

See comprehensive article by Senator Cohen, *The Competition in Contracting Act*, 14 Pub. Cont. L.J. 1, 23-24 (1983).

In accordance with CICA, the FAR adopted similar language such that sealed bids are the preferred method of procurement.

> 'Sealed bids' _must_ be solicited where four conditions apply to a particular procurement action, namely: (1) time permits the solicitation, submission, and evaluation of sealed bids, (2) the award will be made on the basis of price and other price-related factors, (3) it is not necessary to conduct discussions with the responding offerors about their bids, and (4) there is a reasonable expectation of receiving more than one sealed bid. Conversely, where these conditions do not exist, then 'competitive proposals' may be requested.[28]

Thus, under the FAR, Contracting Officers are similarly bound to use sealed bidding as the principal method of contractor selection unless the Contracting Officer determines that any of the four requisite conditions are not present. In the Bureau of Reclamation there has been instituted a procedure to review this Contracting Officer determination to use negotiated procurement (see _infra_ Ch. 3).

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[26] _The Competition Acts of 1984_, Manual, ABA Section of Pub. Contract Law at 51 (1985).

[27] _See_ The Competition Acts of 1984 at 52; _David v. Adamson_, No. 87-2105 (D. Kan. Jan. 10, 1989).

[28] W. Keyes, _Government Contracts_ at 72 (1986)(referencing FAR 6.401).

D. Limited Reference to Construction in CICA

With respect to construction in particular, CICA mentions the word "construction" but twice in the entire Act.29/ Neither reference addresses the unique nature of construction services. CICA, like the Federal Procurement System as a whole, is designed around major systems acquisition (*i.e.*, military hardware);30/ thus, it is not surprising that construction was virtually ignored. The one reference to construction in the legislative history of CICA is directed towards the set-aside program under the Small Business Act.31/ Moreover, of the fifty-three parts of the FAR, only a portion of FAR Part 36, Construction and Architect-Engineer contracts, is specifically devoted to construction contracts.

In short, in the procedures for selecting a contractor under the FAR, construction is barely distinguished from other, general federal procurement. Part 36 does not specifically address certain aspects of construction; in particular it does not recognize that construction of facilities is not a repetitive process but requires plans and specifications prepared

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29/ The two references that CICA makes to "construction" are in Section 2714 (amending the Federal Property and Administrative Services Act) and 2731 (amending the Office of Federal Procurement Policy Act).

30/ Interview with staff member of the Small Business Committee, Senate, in Washington, D.C. (March 14, 1989).

31/ House of Representatives Subcommittee of the Committee on Gov't Operations, H.R. Rep. No. 5184 (Mar. 27-28, 1984) (Statement of James W. Supica, Vice Chairman, Highway Div., Ass. Gen. Contractors of Am.).

especially for every project. Thus, since every project is both definitized and constructed individually, construction is more amenable to sealed bids and fixed price contracting than is the procurement of other goods and services.

II. Construction Funding A Small Part Of Total Federal Authorized Procurement

The most recent statistics from the Federal Procurement Data Center (FPDC)[32] indicate that the total amount the government expended for all federal procurement in 1988, for contracts of an amount equal to or in excess of $25,000, was $174,097,585,000. Of this amount, construction was and continues to be a small part. According to the FPDC, in 1988, for such contracts a total of only $11,811,825,000 was spent on construction. This figure includes $7,508,056,000 spent on construction of structures and facilities and $4,303,769,000 expended on maintenance, repair or alteration of real property. Consequently, construction is not accorded high status in the federal procurement regulations.[33] The major commitment is to large ticket items (*i.e.*, military hardware).

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[32] The Federal Procurement Data Center (FPDC) falls under the auspices of the General Services Administration. All federal executive agencies must provide detailed procurement information to the FPDC for all contracts equal to or in excess of $25,000.

[33] Interview with a staff member of the Senate Small Business Committee (March 14, 1989).

CHAPTER 1

Recent Developments In Construction Procurement

I. The Logistics Management Institute Report

The Logistics Management Institute ("LMI") was created in 1961 as a non-profit private organization to perform research and development in support of the Department of Defense (DOD); its primary function is to assist with military procurement and to improve government/private industry interface.

In October 1987, LMI issued a report entitled "Contracting for Quality Facilities" (Report AL702R1) which had its genesis in the Office of the Assistant Secretary of Defense. The Deputy Assistant Secretary of Defense (Installations) had assembled a so-called Tiger Team in 1985-86 to investigate the issue of quality in military support services and facilities. The team concluded that, to achieve quality, DOD's primary effort should be aimed at erasing any philosophy to the effect that services which are "minimally acceptable" is the DOD standard. It further concluded that a perceived objective of always paying the least should be changed and it recommended that procurement specialists' training be expanded into contracting methods other than procurement by sealed bids and firm-fixed-price contracts.34/

34/ Putting Quality at the Top of the Agenda - A Game Plan for Ensuring Quality in Architectural-Engineering, Construction, Contract Support Services, A Report to the Deputy Assistant Secretary of Defense (Installations) 1986; letter from E. R. (continued...)

In reviewing the Tiger Team Report, one of the points emphasized by the Deputy Assistant Secretary of Defense (DASD) (Procurement) was stated as follows:

> Prospective users of new facilities and services should be actively involved in prescribing objective, technical criteria that define not only the minimum quality standards, but also additional quality standards that exceed those minima. (Emphasis added.)[35/]

The Logistics Management Institute was thereafter commissioned to examine quality in military facilities and in particular an assumed "rigidity" in the construction contracting process. In October of 1987, LMI issued its report.

The LMI Report poses a number of highly questionable conclusions concerning military construction:

1. Prior to the Competition in Contracting Act of 1984 (CICA), 'statutory and regulatory preference for sealed bidding (previously called 'formal advertising') was clear. Now, competitive negotiation is placed on an equal basis with sealed bidding, and the competition is not restricted to price alone.'[36/]

[34/] (...continued)
Spector (DASD for Procurement) to Assistant Secretary of Army, Navy, Air Force and Director of Defense Logistics Agency (December 5, 1986) (discussing Acquiring Quality Facilities and Support Services.)

[35/] Id.

[36/] W. Moore and T. Neve, The Logistics Management Institute, Contracting for Quality Facilities at 3-5 (October 1987).

2. "[T]he procurement strategy can be the factor with the *greatest influence* on facility quality because through it, strong incentives for quality construction can be provided."[37] (Emphasis added.)

3. Less traditional contracting (non firm-fixed-price/sealed bids) improves the quality of the DOD facilities acquired (*e.g.*, competitive negotiation and use of award fees).[38]

There is little support for the conclusions the LMI Report draws. The LMI Report speaks in generalities and appears averse to conclusions based on documented data (*e.g.*, only one Corps of Engineers District - Omaha - is actually mentioned).

LMI's conclusion that CICA places competitive negotiation on a par with sealed bidding is unwarranted. The statute requires that the agency "shall solicit sealed bids if" four factors (discussed *supra*) are met; but, "if sealed bids are not appropriate" competitive proposals shall be requested.[39]

As its legislative history reflects, CICA was promulgated primarily to address weapons procurement and sought to increase competition by decreasing the number and dollar volume of "sole source" procurements. CICA did not intend explicitly to increase competitive negotiated procurements. A reasonable reading of the statute itself is that sealed bids remain the preferred method of selecting contractors. This Report will address CICA infra and confirm that under this statute sealed bidding is still the statutory preference and the preference of agencies in procurement methodology.

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[37] *Id.* at 1-1.

[38] *Id.* at iii.

[39] CICA, Section 2723.

The statement in the LMI Report that "procurement strategy can be the factor with the greatest influence"[40/] in achieving quality construction is acknowledged by the Report authors, upon reflection, to be an overstatement.[41/] Also, Appendix B in the LMI Report sets forth the results of a survey that attempts to identify factors that are important in obtaining facility quality and for selecting the best contractor.[42/] However, in its survey, LMI failed to associate the method of selecting a contractor or type of contract with achieving quality in a construction project. Neither the method of contractor selection nor the type of contract was listed as an element in the table which ranks factors contributing to quality construction.

Moreover, the principal federal agencies that do construction work disagree with the conclusion (i.e., procurement strategy significantly impacts quality construction), which will be demonstrated throughout this Report including: Corps of Engineers, Navy, Air Force, Bureau of Reclamation, GSA, VA,

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[40/] Id. at p.1-1.

[41/] Interview with Research Fellow at LMI in Bethesda, MD (January 17, 1989).

[42/] Contracting for Quality Facilities at B-2 to B-3.

USAID. It is the consensus that procurement strategy, in terms of selecting the contractor and type of contract, is not related to achieving a quality facility.

Likewise, LMI's conclusion that less traditional contracting improves quality is similarly without merit. The LMI Report not only fails to cite any hard data to support such a statement, it does not reference any interviews with field personnel who might so contend.

The LMI Report further defends the use of competitive negotiation and states that "less traditional contracting is resource intensive because the Services, Major Commands and Construction agencies make it that way."[43]

LMI recommended that (1) the FAR should be changed to remove limits on the use of competitive negotiation and fixed-price-award-fee contracts, and (2) the services should remove similar barriers from their construction regulations.[44]

This Report will not only oppose such recommendations but will urge that for construction, the FAR should, on the contrary, stress the importance of maintaining the sealed bid method of selecting contractors with its concurrent firm-fixed-price contract. At the same time, the FAR should clearly delineate the specific circumstances when competitive negotiation and/or non-fixed price contracts are appropriate for construction and set forth the procedural safeguards agencies must follow to use such procurement methodologies.

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[43] Id. at 1-2.

[44] Id. at iii.

II. The Postal Service: An Approach At Odds With Federal Procurement Standards

Prior to 1970, the United States Postal Service was governed by the same federal procurement laws as other executive agencies. With the passage of the Postal Reorganization Act of 1970,[45] the Postal Service became a so-called quasi-independent agency that expressly was exempt from federal procurement laws and regulations.[46] This Act provided the Postal Service with the authority to make rules and regulations pertaining to its independent procurement needs.[47]

For a time, despite this authority, the Postal Service, recognizing the substantial experience of other executive agencies, promulgated procurement regulations (contained in the Postal Contracting Manual (PCM)) in conformance with the Armed Services Procurement Regulations.[48] When the FAR became effective in 1984, the Postal Service again altered its regulations to ensure at least some conformance to the FAR.

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[45] 39 U.S.C. 401 *et seq.* (1970).

[46] 39 U.S.C. 410.

[47] 39 U.S.C. 404(a)(3). *See* *Peoples Gas, Light and Coke Co. v. United States Postal Service*, 658 F.2d 1182 (7th Cir. 1981).

[48] Interview with Harold Ours, General Manager of Facilities Contracting Division of Postal Service (Jan. 27, 1989).

A. The New Postal Service Procurement Manual

In October of 1987, the Postal Service promulgated new regulations, which were incorporated into the United States Postal Service Procurement Manual (PM).49/ In terms of purchasing methods, the most significant change that this PM made was that it replaced Section 2 (purchase by Formal Advertising) and Section 3 (Purchase by Negotiation) of the PCM with a single method of purchasing, whether for mail handling equipment, supplies or construction services, namely through competitive negotiation. Consequently, in contrast with both CICA and the FAR which state a preference for sealed bids, the Postal Services has mandated that contractors be selected solely through RFPs.

B. Specific Procurement Policy

A more detailed description of the changes made in the PM that distinguish it from the PCM is necessary. To begin with, the 1988 PM requires that "solicitations for all purchases over $50,000 made using competitive procedure must be publicized in the Commerce Business Daily," unless precluded by urgency or unless previously published.50/

Next, with respect to purchasing methods, the "Postal Service policy is that purchases must be made on the basis of

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49/ For purposes of construction, this manual was implemented and became effective in June 1988.

50/ Postal Procurement Manual (PM) 3.2.1.

adequate competition[51] whenever feasible."[52] For each procurement the Postal Service mails solicitations (RFPs) to those contractors on its mailing lists.[53]

Upon receipt of proposals, the Postal Service must assess each proposal and the offeror's ability to successfully perform the prospective contract. Proposals are evaluated in accordance with the solicitation's specified evaluation criteria.[54] The

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[51] As opposed to "free and open competition" mandated by CICA.

[52] PM 4.1.1.

[53] These mailing lists are established by purchasing activities and include only eligible and qualified contractors that have submitted mailing list applications or are otherwise considered capable of meeting the Postal Service requirements.

[54] When price and price-related factors are not the sole basis for proposal evaluation, the contracting officer must develop a source selection plan. This plan is developed with the assistance of an evaluation panel (established by the contracting officer), which provides to the contracting officer contractor selection advice.

The evaluation panel, which is formed to evaluate proposals, may use a number of generic evaluation criteria, such as:

(a) Understanding of the requirement;

(b) Management plan;

(c) Key personnel (qualifications and experience);

(d) Resources;

(e) Experience;

(f) Past performance; and

(g) Excellence of design.

With respect to proposed scoring systems, discretion is provided for the contracting officer and the evaluation panel such that adjectival ratings (*e.g.*, "good" or "poor") or numerical scoring may be used. PM 2.1.6.

Postal Service performs a price (cost) evaluation as well as a technical evaluation[55/] for each proposal.

Although RFPs are used, a contractor may be selected and award made with or without discussing proposals with the offerors, depending upon the extent of competition, quality of proposals, and complexity of the procurement. Whenever price or price-related factors are the critical or only evaluation criteria, award may be made without discussions with the contractors.[56/]

Whenever discussions are deemed appropriate, the Contracting Officer must rank all the proposals and establish a "competitive range," based on the evaluation factors stated in the

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[55/] PM 4.1.4 discusses "technical evaluation" and states that:

> Each proposal must be examined to determine whether it meets the requirements of the solicitation. Beyond that, the specific purchase requirement and the source selection plan determine the extent of technical analysis. The technical evaluation must be documented to include -
>
> 1. The basis for evaluation;
> 2. An analysis of the technically acceptable and unacceptable proposals, including an assessment of each offeror's ability to accomplish the technical requirements;
> 3. A narrative statement of the major strengths and weaknesses of the various proposals;
> 4. A summary, matrix, or quantitative ranking of each technical proposal in relation to the best rating possible; and
> 5. A summary of findings, as well as each evaluator's independent findings.

[56/] Id.

solicitation. This "competitive range" is a completely discretionary decision for the Contracting Officer, but is supposed to include all proposals that have a reasonable chance of being selected for award.[57]

C. *Prequalification of Construction Contractors*

A further interesting facet of the Postal Service's new procedure concerns prequalification. In general, the PM grants the Postal Service broad rights and discretion concerning prequalification of contractors.[58] With regard to prequalification of construction contractors, this *carte blanche* discretion was challenged in *J.W. Bateson Co., Inc.*, Protest No. 88-52 (Nov. 1, 1988).

In *Bateson*, a construction contractor, who was disqualified in the prequalification procedure, challenged the clause in the Postal Service's solicitation which stated that "no more than seven (7) contractors will be prequalified." The Office of Contracts and Property Law for the Postal Service, which decided the protest, referenced the policy explicitly stated in the Postal Service's regulations for construction that:

> The APMG, Facilities, or authorized designees, will evaluate the statements received and *select all qualified firms* (at least three) for solicitation. Solicitation will be limited to those firms so selected. (Emphasis added.)[59]

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[57] PM 3.1.6(c).

[58] PM 3.1.6.

[59] *See* *Bateson* at 5.

The reviewing officer took cognizance of the fact that the Postal Service Design & Construction Handbook, which is supposed to provide guidance to Contracting Officers, states that Contracting Officers may, through prequalification, provide the solicitation "to only the most highly qualified firms (a minimum of three and preferably no more than seven)."[60] The Office found, however, that:

> [I]t is unduly restrictive of competition to determine in advance that no more than a fixed number of firms will be within the competitive range.[61]

Moreover, the Office concluded that the seven-firm limitation was inconsistent with PM 11.5.4(b) and ordered the Contracting Officer to "amend the prequalification package and eliminate the seven-firm limitation."[62]

The Postal Service's recent procurement system (i.e., solely negotiated procurement) is in stark contrast to the other federal agencies. With respect to procurement of construction, in particular, the Postal Service has abandoned the traditional sealed bid method of contractor selection and introduced increased subjectivity into the process.

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[60] United States Postal Service Design & Construction Handbook, Procedure 210.20 at 2 (Aug. 1, 1988).

[61] Bateson at 5.

[62] Bateson at 6.

D. Potential Problems With New Postal Procurement

The views of the Postal Service have been expressed in comments appearing in ENR magazine and in an interview at its headquarters. It appears to be the position of the Postal Service managers that it can give Contracting Officers the authority "to make smarter business decisions."[63] The Assistant Postmaster General concedes that its new prequalification and selection procedures are subjective but nevertheless minimize the potential for corruption.[64]

The Postal Service Procurement Manual seems to recognize the corruption potential in its regulations. For example, it requires the Contracting Officer to reveal in the solicitation the evaluation criteria and their relative importance that will be used as the basis for the contract award.[65]

It also appears to be the view of the Postmaster General and other Postal Service officials that full and open bidding does not produce the best price and that their objective is to give Postal Service Contracting Officers extreme flexibility throughout the contracting process. In an interview with the General Manager of the Facilities Contracting Division of the Postal Service, he expressed the uncommon view that management of negotiated procurement is less time-consuming for government personnel.[66]

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[63] AGC Fights Competitive Negotiation as Threat to Public Works Bidding, ENR magazine at 13 (Oct. 13, 1988).

[64] Id.

[65] Procurement Manual 2.1.6.

No statistics are available yet to support the Postal Service's experiment with competitive negotiations exclusively.[67]

It is interesting to note a recent assessment of postal procurement made by the General Accounting Office. GAO expressed concern that the new Procurement Manual's emphasis on negotiation was of concern because of the increased need to document price reasonableness.[68] In its review, GAO found that, for 13 of 48 contracts reviewed, the negotiated contract files lacked convincing documentation that the contract price was fair and reasonable.[69]

The Postal Service management concedes that the subjective aspect might be viewed as creating a perception of the possibility of impropriety but feels that it is more important to have quality work performed with fewer hassles. The Postal Service uses outside design firms. As to inspection, it believes that proper design does not provide the answer to quality questions and that the key is the reputation of the contractor.

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[66] Interview in Washington, D.C. (January 27, 1989).

[67] See ENR magazine at 12-13 (Oct. 13, 1988).

[68] United States General Accounting Office Report to Congressional Requesters: Postal Procurement, An Assessment of Postal Purchasing Practices at 7 (May 1988).

[69] Id. at Chapter 3 ("Weaknesses Identified in Postal Procurement Practices" at 31-32). It was not ascertainable whether the 13 deficient contracts included any construction contracts.

CHAPTER 2

Construction Contractor Selection Methods and Types of Contracts

I. The Procedure For Selecting The Contractor Distinguished From The Type Of Contract

In the discussions which occur among commentators and government officials of construction procurement and the effort to attain quality, there frequently occurs a blurring of two very distinct steps: (1) the process of selecting the contractor with whom a contract will be entered into (or to whom a contract will be "awarded") and (2) the form of the contract itself, typically fixed-price or some form of cost-reimbursement.

For purposes of this report, three alternatives as to contractor selection are generally referred to as open competitive sealed bidding, competitive negotiation and sole source negotiation.

The alternatives as to contract type are generally referred to as firm-fixed-price contracts (in the vernacular, "hard money," which may include both lump sum and unit price components) and cost-plus-award-fee or cost-plus-fixed-fee contracts. In the latter category, the fee element may be fixed or variable.

Variations of the firm-fixed-price contract may provide certain incentives directed to savings of time or money. However, the inclusion in construction contract documents of certain positive incentives (such as award fees and bonuses) as contrasted with negative incentives (such as liquidated damages) is related only marginally to quality.

A. Full And Open Competition

Contracts should not be awarded based on favoritism; instead, contracts should be awarded to the contractor submitting the most advantageous offer. Competition, especially through sealed bidding, provides an incentive to contractors to innovate and advance technology and the quality of products and services. The FAR (codified at 48 C.F.R. Chapter 1) was developed with the Office of Federal Procurement Policy Act of 1974 (as amended) in mind and took effect April 1, 1984. The FAR is a single government-wide procurement regulation that establishes uniform policies and procedures for all executive agencies. Federal Acquisition Circular 84-13, which took effect on February 2, 1986, implemented CICA requirements into the FAR. FAR 6.000 defines "full and open" competition as "the process by which all responsible offerors are allowed to compete."

B. Contractor Selection Methods

The two principal methods of selecting a contractor under the FAR in compliance with the CICA requirement of full and open competition are (1) sealed bidding[70/] and (2) competitive

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[70/] Sealed bidding (FAR 14.0) formerly was referred to as formal advertising under Federal Procurement Regulations (FPR) 1-2.0 (which formerly governed civil procurement) and Defense Acquisition Regulations 2-0 (which formerly governed military (continued...)

proposals (or competitive negotiation). Other methods of competitive contractor selection include a combination of competitive procedures such as two-step sealed bidding.

FAR 14.101 defines sealed bidding as "a method of contracting that employs competitive bids, public opening of bids, and awards."

FAR 14.103-1 provides that Contracting Officers shall solicit sealed bids if:

> (1) Time permits the solicitation, submission, and evaluation of sealed bids;
>
> (2) The award will be made on the basis of price and other price-related factors;
>
> (3) It is not necessary to conduct discussions with the responding offerors about their bids; and
>
> (4) There is reasonable expectation of receiving more than one sealed bid.

FAR 6.401(a).

Contracting by negotiation, on the other hand, involves "contracting through the use of either competitive or other-than-competitive proposals and discussions. Any contract awarded without using sealed bidding procedures is a negotiated contract." FAR 15.101. The procedures involved in selecting a

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70/ (...continued) procurement). Congress established formal advertising as the preferred method of selecting a contractor under federal procurement in 1809.

contractor through negotiation procedures are more complicated and time intensive.

Initially, the government prepares a written request for proposals (RFP) for purposes of communicating government contract requirements to prospective contractors. In response to a government solicitation through RFPs, contractors prepare and submit to the government proposals that attempt to meet government requirements. Next, the government evaluates proposals (most often requiring a technical evaluation review board), determines a competitive range of offerors (based on price), and holds any necessary discussions or negotiations although award may be made without discussion or negotiation. If discussions are determined necessary and any significant price change may result, the procedures provide for submission of best and final offers. After best and final offers are submitted, based on the proposal most advantageous to the government, the government awards the contract to a contractor. FAR Part 15.

Competitive negotiation as a form of procurement has limited use under the FAR, which prefers sealed bidding. FAR 6.401(b) provides that if sealed bids are not appropriate under FAR 6.401(a) (discussed supra), Contracting Officers may request competitive proposals. This regulation is in accord with the competition requirements of CICA, Title VII, 303(a)(2).

Interviews at federal agencies have generally indicated that selection by competitive negotiation is more time consuming and costly for the government, as well as a drain on technical personnel, whose services need to be divided between operational and contract negotiation functions. The sealed bid method on the other hand does not create such administrative burdens. Neither method significantly affects quality of construction. This emphasizes the importance of sealed bidding and the limiting of exceptions from this method of construction contractor selection.

Historically the sealed bidding method has proven to be a relatively easy contractor selection process to administer that limits the opportunity for fraud and provides competitive services to the government at the lowest reasonable cost. Formal advertising, or sealed bidding, has withstood the test of time as the "tried and proven" way.

C. Construction Contractor Selection

In FAR 36.103 entitled "Methods of contracting", which specifically addresses construction[71] contracts, the only method of selecting a construction contractor explicitly mentioned is through sealed bidding procedures:

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[71] Construction is defined in FAR 36.102 to mean:

> construction, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other real property. For purposes of this definition, the terms "buildings, structures, or other real property" include but are not limited to improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, cemeteries, pumping stations, railways, airport facilities, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, and channels. Construction does not include

(continued...)

> Contracting officers shall acquire construction using sealed bid procedures if the conditions in 6.401(a) apply, except that sealed bidding need not be used for construction contracts to be performed outside the United States, its possessions or Puerto Rico.

CICA focuses on weapons or defense related procurement and the necessity of avoiding sole source procurement. The absence of construction contracting in CICA's legislative history[72] and from interviews with individuals responsible for drafting and/or promulgating CICA, it is evident that the government failed to consider at any great length construction procurement and its unique characteristics at any point in the CICA drafting process.[73]

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[71] (...continued)

> the manufacture, production, furnishing, construction, alteration, repair, processing, or assembling of vessels, aircraft, or other kinds of personal property.

[72] Complete review of GAO legislative history on CICA was performed and no evidence was discovered that the construction industry was specifically addressed under CICA.

[73] Telephone interviews with a Majority Professional Staff Member, Committee on Government Operations, February 1989 (lead staff member when CICA was negotiated); Majority Professional Staff Member, Committee on Armed Services, February 1989. Both individuals indicated that CICA primarily focused on weapons procurement.

A current staff member of the Senate Small Business Committee, who worked on CICA, noted that the federal

(continued...)

An analysis of the construction industry and federal procurement of construction projects reveals the reasons for the historically almost exclusive use of sealed bidding to procure federal construction projects. As provided in FAR 6.401(a)(3), sealed bids (IFBs) are appropriate when it is not necessary to discuss bids with responding contractors.

IFBs require definitized plans and specifications that allow contractors to respond accurately in terms of the money, manpower, time and skill necessary to construct the project. Enough information generally is available to the owner from site inspection, testing and prior experience (government).

The advantages of using IFBs in federal construction procurement far outweigh any potential advantages associated with the use of RFPs. An IFB procurement is relatively easy to plan.[74/] The architect/engineer designs the project and develops plans and specifications, which are reviewed for errors and omissions and for constructability. The government then issues IFBs to contractors containing all the relevant requirements for constructing the project. The Contracting Officer does not need to devise a plan for source selection with its independent

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73/ (...continued)
procurement system as a whole was designed for major systems acquisition (*i.e.*, military hardware). Similarly, CICA focused on hardware procurement.

[74/] Interview with the Associate Administrator, Office of Acquisition, General Services Administration (GSA), in Washington, D.C. (January 31, 1989).

requisite standards and/or factors necessary to evaluate proposals as when negotiations are involved.[75]

IFBs are also easier for the government to administer.[76] When bids are received from contractors, the Contracting Officer only has to ensure the responsiveness (does the bid meet the requirements of the plans and specifications) and responsibility (can the contractor complete the contract in terms of finances, manpower availability and experience) of the contractor who submitted the lowest bid, for purposes of awarding the contract.

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[75] *Id.*

[76] Interviews with:

(i) Commissioner of Information Resources Management Service and Associate Administrator for Office of Acquisition Policy, GSA, in Washington, D.C. (January 31, 1989);

(ii) Director of Contract Policy in Public Building Services (PBS), and Senior Procurement Analyst for Office of Contract Policy in PBS, GSA, in Washington, D.C. (February 16, 1989);

(iii) Deputy Commissioner and Chief Operating Office; Manager, Superfund Assistance Program; Chief, Acquisition and Assistance Division; and Chief, Construction Division, Bureau of Reclamation (Bur. Rec.) in Denver, Colorado (February 13, 1989).

(iv) Interviews with Omaha District, Baltimore District, Ft. Worth District, Naval Facilities Engineering Command, Washington D.C.; Atlantic Division, NAVFACENGCOM, Norfolk VA; Chesapeake Division, NAVFACENGCOM, Washington, D.C.

As a result, a major advantage of IFBs is that they take much less time to award.[77] There is no requirement for a costly source selection board or a highly-knowledgeable technical evaluation team unfamiliar with the procurement process that must painstakingly evaluate each proposal and all its nuances.

IFBs are not only less costly to administer, they inevitably solicit from construction contractors the lowest price to construct the project.[78]

Contractors may have an additional incentive to submit bids (in response to IFB) while avoiding submitting proposals (in response to RFP) because of the higher cost for construction contractors to develop proposals.[79] It also adversely affects the contractor's ability to commit his resources to other job opportunities during the extended period prior to an actual award being made in the negotiated process.

A further advantage of the IFB as opposed to the RFP is that it is a system known and accepted by both the government and the construction industry.[80] Contracting Officers are experienced in administering IFBs and the procedures involved in awarding contracts under the system. Contracting Officers do not need additional training or further education concerning federal procurement to administer IFBs.[81]

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[77] Interview with Senior Engineer, U.S. Agency for International Development (USAID), in Washington, D.C. (February 17, 1989); Director of Contract Policy in PBS, GSA (Negotiated process takes 120-180 days to award, while IFBs take 60-90 days. This time difference has an impact on contractors' bonding capacity. The more time it takes to award a contract the longer a contractor's bonding capacity is impacted adversely.)

[78] Interviews with USAID and GSA.

[79] Each offeror responding to a GSA. RFP must spend approximately $50,000 - $80,000 more to prepare the normal proposal. Interview with Commissioner and Senior Procurement Analyst for GSA.

Furthermore, IFB procurement involves sealed bids, a public bid opening and contract award based on price or price-related factors. FAR 6.401(a)(2). The fact that awards are based on objective factors contributes to the statistics which show that contractors invoke time consuming protests less frequently with IFBs than with RFPs.[82]

Not only is the contract awarded more simply and objectively, the opportunity for fraud or abuse of the procurement process is minimized with IFBs. For example, FAR 15.610 sets forth three potential abuses that Contracting Officers are explicitly prohibited from engaging in when using negotiated procurement, including technical leveling, technical transfusion and auction techniques.[83] These three abuses, especially the underlying potential for favoritism, are virtually negated with IFBs.[84] Fewer individuals are involved with IFB procurement than RFP procurement and thus requisite security measures are also minimized with IFBs.[85]

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[80] Handout, Negotiated Procurement/Requests For Proposals, Fort Worth District, Texas.

[81] The GSA has an extensive on-going education program for contracting officers to procure through negotiated procedures. Interview with Commissioner of Information Resources Management Service and Associate Administrator for Office of Acquisition Policy, GSA. The Bureau of Reclamation also has extensive contracting officer training and an elaborate mechanism set out in its Contracting Officers' Warrant System Manual (April 1, 1984) to do negotiated procurement.

[82] Handbook, Negotiated Procurement/Requests For Proposals, Mobile District, COE.

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[83] FAR 15.610(d) provides:

> The contracting officer and other Government personnel involved shall not engage in --
>
> (1) Technical leveling (*i.e.*, helping an offeror to bring its proposal up to the level of other proposals through successive rounds of discussion, such as by pointing out weaknesses resulting from the offeror's lack of diligence, competence, or inventiveness in preparing the proposal);
>
> (2) Technical transfusion (i.e., Government disclosure of technical information pertaining to a proposal that results in improvement of a competing proposal); or
>
> (3) Auction techniques, such as --
>
> > (i) Indicating to an offeror a cost or price that it must meet to obtain further consideration;
> >
> > (ii) Advising an offeror of its price standing relative to another offeror (however, it is permissible to inform an offeror that its cost or price is considered by the Government to be too high or unrealistic); and
> >
> > (iii) Otherwise furnishing information about other offerors' prices.

[84] Interview with USAID.

[85] Interview with Commissioner and Associate Administrator, GSA.

However, IFBs do have some disadvantages in comparison with RFPs. IFBs are not suited to meeting highly technical and unusual situations in which definitized plans and specifications are not available. However, in the construction industry most projects can be completely designed by the government and the necessity of using other than an IFB to select the contractor rarely arises.

All of the federal agencies interviewed for this report (Bureau of Reclamation, GSA, VA, USAID, Army (COE), Air Force, Navy) indicated that on more than 90 percent of their construction projects, the contractor is selected using sealed bidding - IFBs.[86/] The agencies have been and continue to be satisfied with the quality of construction of their projects. Consequently, they continue to prefer sealed bidding as the method of selecting the contractors. Sealed bidding is "tried and proven" and should be continued as the means of selecting construction contractors.[87/]

[86/] See *infra*, Ch. 3, for statistics.

[87/] In a Report presented at the 1989 ASCE Construction Congress in San Francisco, an officer for a large contractor, while unable to delineate any advantages to construction contractors from the use of RFPs stated the following disadvantages:

1. The high cost.

    a. Bid preparation cost from the contractor's point of view runs at least three to four times the normal cost of bidding a project. This cost will inevitably find its way in to the contractor's bid and will raise the owner's cost of doing business.

(continued...)

D. Projects For Which Competitive Negotiation May Be Appropriate

Federal construction procurement has little need for other than sealed bids (i.e., negotiated procedures). There are projects for which non-price criteria are important in contractor

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87/ (...continued)

b. The contractor is not always able to get the best prices from his vendors or subcontractors because of the extensive paperwork required and their concern that the owner is "bid shopping" the general contractor which results in the general contractors "bid shopping" him.

c. The asking by the owner for multiple "best and final" prices not only detracts from the general contractor's ability to get good prices, but also destroys the credibility of the overall price solicitation system.

d. The owner is also subjected to a significant increase in cost in that he not only prepares his normal contract specifications and drawings, but needs to prepare a detailed solicitation form and then he must spend many manhours evaluating all of the responses to that form. The owner's cost undoubtedly approximates the contractor's experience in overrunning three or more times his normal solicitation evaluation cost.

2. The system is used to solve the owner's problem in cost control by using the contracting industry as his Value Engineering consultants.

3. The system cannot be totally objective and lends itself to all of the problems that subjectivity entails.

M. Kelley, Ft. Drum Estimating & Bidding From The Contractor's Point Of View, ASCE Construction Congress I Super Projects (1989).

selection. The increased cost paid by the government is justified by the sensitive nature of the project and the need for the project to move forward under less than ideal planning and design conditions. The limited circumstances in which a negotiated procurement may be proper include: (a) lack of definitized plans and specifications;[88] and (b) highly technical contracts.[89]

RFP procurements are best suited for projects that must go forward without definitized plans and specifications or involve state of the art complex facilities. In these cases, any additional cost or administrative burden to the government is offset by the increased communications and flexibility available through a negotiated contract. The government interests are furthered by a dialogue with the prospective contractors.[90]

"Discussions" enable the government to articulate its concerns and contract priorities. The successful offeror addresses these concerns in a "best and final offer." The COE Mobile and Baltimore Districts reported satisfaction with negotiated contracts when the solicitations were for state of the art facilities (distribution center, guided weapons evaluation facility and millimeter/microwave). Similarly, the COE Mobile District was satisfied with the contractor building an aerial gunnery range. An RFP was used because of the compressed time schedule created by the customer's decision to expand the facility. In each case, the COE district emphasized the need to communicate its concerns about the project. This need warranted use of an RFP procurement.[91]

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[88] Interviews with the VA; COE Fort Worth District; COE Baltimore District; COE Mobile District; Bureau of Reclamation.

[89] Interviews with COE Baltimore District; COE Mobile District; Bureau of Reclamation; and GSA.

[90] Interview with Bureau of Reclamation.

II. Types Of Federal Construction Contracts

A. Introduction

In federal procurement, the Contracting Officer selects the type of contract. The Federal Acquisition Regulation (FAR), mandates that the Contracting Officer generally select from two broad categories of contract types; either (1) a fixed-price contract, or (2) a cost-reimbursement contract. Each category has a number of variations, but basically the choice of firm-fixed-price or cost-reimbursement contracting determines risk allocation between the government and the contractor. Also, the type of contract can be determined by the status of design readiness as well as the time limitations affecting performance of the contract.

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[91] The Bureau of Reclamation indicated that it uses RFPs in high risks jobs with great uncertainty, where the participation of contractors is required in developing the plans and specifications to perform the work (*e.g.*, work to repair dams with foundation cracks).

B. Fixed-Price Contracts

The most frequently used and historically preferred type of contract is the firm-fixed-price contract for which definitized plans and specifications are available.[92] The fundamental characteristic of this type of contract is that the contractor is bound to complete the work for a fixed sum (after adjustment) irrespective of performance costs.

1. Firm-Fixed-Price (FFP) Contracts

In compliance with FAR 36.207(a),[93] firm-fixed-priced contracts (FAR 16.202) are the most frequently used contract type in federal construction procurement. Firm-fixed-price contracting is the preferred contract type in construction procurement for the General Services Administration, Bureau of Reclamation, Army Corps of Engineers, Navy, Post Office, Veterans Administration, and other federal agencies.

Firm-fixed-price contracting places the maximum risk upon the contractor to perform the contract within the contract compensation limit -- which includes both performance costs and contractor profit. This provides the contractor with the greatest incentive to control costs. In addition, this form of contract, in accordance with the policies behind the Competition in Contracting Act of 1984 (CICA), promotes the utmost competition which is essential for federal contracting.[94]

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[92] Report to the Congress, Study of Professional Services Contracting, Office of Federal Procurement Policy at 4 (January 1985). These contracts can be either firm-fixed-priced or fixed price subject to adjustment during or following performance.

[93] FAR 36.207(a) provides that "[g]enerally, firm-fixed-price contracts shall be used to acquire construction."

To properly use the FFP contract, the government must furnish definitized or complete plans and specifications. Definitized plans and specifications allow the government to largely shift performance and cost risks to the contractor.

The list of factors to be considered in determining to use the firm-fixed-price contract is set forth in FAR 16.202-2 as follows:

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[94] CICA, subtitle A, 2711(a)(1) (41 U.S.C. 253) provides:

> COMPETITION REQUIREMENTS
>
> SEC. 303. (a)(1) Except as provided in subsections (b), (c), and (g) and except in the case of procurement procedures otherwise expressly authorized by statute, an executive agency in conducting a procurement for property or services --
>
> > (A) shall obtain full and open competition through the use of competitive procedures in accordance with the requirements of this title and the modifications to regulations promulgated pursuant to section 2752 of the Competition in Contracting Act of 1984; and
> >
> > (B) shall use the competitive procedure or combination of competitive procedures that is best suited under the circumstances of the procurement.

> (a) There is adequate price competition;
>
> (b) There are reasonable price comparisons with prior purchases of the same or similar supplies or services made, on a competitive basis or supported by valid cost or pricing data;
>
> (c) Available cost or pricing information permits realistic estimates of the probable costs of performance; or
>
> (d) Performance uncertainties can be identified and reasonable estimates of their cost impact can be made, and the contractor is willing to accept a firm fixed price representing assumption of the risks involved.

With the presence of these factors, including well-developed project design and specifications, the FFP contract provides the least burden in terms of administrative expense and time upon the government. The government must only ensure that the contractor meets all contract requirements.

C. Cost-Reimbursement Contracts

Cost-reimbursement contracts are those in which the government agrees to pay the contractor's allowable performance costs in addition to a fee. Cost-reimbursement contracts are suitable for when costs are not reasonably predictable because of the lack of a definitized and adequate design. With this type of contract, the government assumes the risks involved in contract performance. Generally, the cost reimbursable form of contract used in construction is the cost-plus-fixed-fee or cost-plus-award-fee. *See* Appendix A.

FAR 16.301-3 provides three limitations on the government's use of cost-reimbursement contracts. Cost-reimbursement contracts may only be used when:

> (a) The contractor's accounting system is adequate for determining costs applicable to the contract;
>
> (b) Appropriate Government surveillance during performance will provide reasonable assurance that efficient methods and effective cost controls are used; and
>
> (c) A determination and findings has [sic] been executed, in accordance with agency procedures, showing that (1) this contract type is likely to be less costly than any other type or (2) it is impractical to obtain supplies or services of the kind and quality required without the use of this contract type (see 10 U.S.C. 2306(c), 2310(b), and 2311 or 41 U.S.C. 254(b), 257(b), and 257(a)).

As a result, the Contracting Officer, as a threshold issue, must establish that cost-reimbursement contracts will be either less costly than any other type or use of another contract type is impractical. This determination increases the burden of administering cost-reimbursement contracts because of the demand on the time of government personnel for supervision and administration of such contracts. The administrative burden on the government with this type of contract is also increased by (1) the need for negotiation, and (2) the necessity of close monitoring of the contractor's costs.

For a description of the other types of cost-reimbursement contracts and modified firm-fixed-price contracts (e.g., design-build, turnkey, and short form RFP) see Appendix A.

CHAPTER 3

Agency Experiences Using Sealed Bidding (IFB) Or Negotiation (RFP): Is Quality Really Affected?

This chapter will discuss the experiences and views of federal agencies as to whether it is advantageous to use the open bidding system or the competitive negotiation system in construction, and whether that election affects quality.

I. Corps of Engineers

Some COE Districts have tried several innovations to meet specific project requirements and improve contract administration.[95] Notwithstanding, the COE's general willingness to experiment, the overwhelming number of contracts awarded by the COE are firm-fixed-price procured by the traditional sealed bid methodology.[96]

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[95] As the preeminent federal construction agency, the Army COE views were sought through interviews with its headquarters, as well as with regional and district offices, focusing on the contractual practices of the Corps and their influence on quality. The Construction Branch of COE Headquarters, Fort Worth District, Mobile District, Baltimore District, Omaha District, New York District, Los Angeles District, Sacramento District and Savannah District were visited or contacted.

[96] The construction contract procurement methodology statistics provided by the COE Districts visited are as follows:

Baltimore	IFB	RFP
FY 87	161	4
FY 88	113	1
Los Angeles		
FY 88	68	1

(continued...)

The Corps generally did not believe that the procurement method (i.e., IFB or RFP) impacted quality; the choice of procurement method is governed by factors unrelated to quality. Sealed bidding was the preferred choice because it generated maximum free and open competition, the lowest price and is the least burdensome administratively. Exceptions to the use of sealed bid procurement were encountered in unique circumstances; either (1) state of the art technology was involved and precluded development of definitized plans and specification; (2) a compressed lead-time warranted special review of the contractor's experiences or capabilities; or (3) the customer directed use of a different system.

For example, the COE Omaha District, which was mentioned repeatedly by LMI, has experimented both with the contractor selection process (using competitive RFPs) and with various cost reimbursable contracts. This District is responsible for

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96/ (...continued)

Sacramento		
FY 87	majority	
FY 88	(estimate 90%)	
Fort Worth		
FY 88	81	14
Savannah		
FY 87	majority	
FY 88	(estimate 90%)	
Omaha		
	majority	
	(estimate 90%)	

Note: Section 8(a) set-aside contracts are excluded from these statistics.

implementing COE testing of the Evaluated Total Cost Method (see discussion infra).

II. Naval Facilities Engineering Command

As used by personnel of the Naval Facilities Engineering Command (NAVFAC), the term "Quality Construction" encompasses both objective and subjective factors. Conformance to plans and specifications is basic to quality, according to NAVFAC.

NAVFAC and the field divisions interviewed utilize both sealed bid and competitively negotiated contract procurements. NAVFAC stated that the preponderance of contracts are let by the former method -- more than 90% of the total number.[97]

Regarding the method of letting a contract (i.e., by sealed bids or by competitive negotiation) and its effect on quality, the consensus at NAVFAC is that the type of contract is not determining; but, it is the way in which a contract is administered which determines whether quality construction has been achieved. Several individuals noted that the potential for better quality was evident in negotiated procurement due mainly to the opportunity for settling problems during negotiation. However, no data was available to support this opinion. Also, in those specialized cases where time was of critical importance or where unique construction requirements were indicated, the negotiated contract was the method of choice.

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[97] NAVFAC has experienced a slight increase in negotiated procurement recently but the percentage increase is insignificant.

Negotiated procurement facilitated NAVFAC's efforts to communicate the unique circumstances of those contracts.

NAVFAC believed that a significant increase in numbers of negotiated contracts would cause problems in the numbers and training of personnel to award and/or administer those contracts. Thus, human resources precluded implementing any plan to change policy from basic and predominant reliance on sealed bid procurement.

III. Bureau of Reclamation (Department of the Interior)

A. Generally

The Bureau of Reclamation designs its own projects and believes that quality is designed into its projects. Over 90% of its construction contracts are let through sealed bids.[98] Where it uses negotiated procurement, it is with respect to riskier projects and where it may feel that it can obtain answers with negotiation.[99]

In terms of achieving quality the Bureau's view is that, by designing and inspecting its projects, quality is within its control and that the same problems as to quality will arise in

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98/ Statistics provided by the Bureau of Reclamation establishing the following:

Fiscal Year	IFBs	RFPs
FY 88	126	8
FY 89(to date)	38	1

99/ On dam repair projects, for example, the Bureau feels that when scheduling is critical it can be negotiated.

negotiated as in sealed bid procurement. Quality is defined as related to the end product, constructed to the Bureau's satisfaction.

The Bureau believes that a disadvantage in negotiation is that this method requires more time, greater human resources (which are limited) and also greater cost because of the expenses incurred by the "technical evaluation team."

B. Bureau Of Reclamation's Review Procedures For Procurement Of Construction Services By Other Than Sealed Bidding

The Bureau of Reclamation, in recognition of the unique nature of construction services, has developed its own procedures for safeguarding the full and open competition mandate of CICA. For all construction contracts (regardless of dollar value), except those entered into pursuant to the authority of Section 8(a) of the Small Business Act, the Commissioner of Reclamation ultimately must review and approve all decisions to use other than sealed bid procedures (i.e., competitive negotiation, two-step sealed bidding, turnkey, or noncompetitive).[100] The Bureau's procedure for approving the justification of the use of other than the sealed bid method is as follows:

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[100] Reclamation Acquisition Memorandum 89-6-Draft Procedures for Preparation and Approval of Justification for Use of Other Than Sealed Bid Procedures (effective December 1988)(to be codified in the Reclamation Acquisition Directive at RAD 1.7182-1, 1.7182-2(n), 1.7182-4(e) and 6.401).

1. The Contract Specialist shall discuss the acquisition method with the technical representative during preparation of the Individual Acquisition Plan. When one or more of the four sealed-bidding prerequisites (FAR 6.401) are absent, a written "Justification for Use of Other Than Sealed Bid Procedures" (Justification) must be prepared.

2. The Contracting Officer must approve such Justification. In addition, individual Regions may establish local policy with respect to an interim review and/or concurrence of the Justification by the Chief of Contracting Office (CCO).

3. The Justification, signed by the Regional Director, is sent to the Commissioner's office for review. At the Commissioner's office, a Review Board considers, on an individual basis, each action proposing the use of other than sealed bid procedures.

4. The Review Board consists of seven members:

   Commissioner (Review Board Chairman),
   Deputy Commissioner,
   Assistant Commissioner - Administration and Liaison,
   Assistant Commissioner - Engineering and Research,
   Assistant Commissioner - Resources Management,
   Chief, Acquisition and Assistance Division;
   Regional Director (of Region submitting justification)

5. At the Review Board Meeting, the Region requesting approval is given an opportunity to support its position.

6. After discussion with the Review Board members, the Commissioner makes the final decision whether to approve the use of other than sealed bid procedures. There is no appeal process when the Commissioner disapproves the request.[101]

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[101] The AGC, on March 30, 1989, formally requested the U.S. Army Corps of Engineers and the Naval Facilities Engineering Command to adopt review procedures similar to those adopted by the Bureau of Reclamation. On May 19, 1989 NAVFAC advised AGC of its decision to not establish such a review procedure. On June 14, 1989 the U.S. Army Corps of Engineers informed AGC that it, too, had decided against establishing such a review procedure.

IV. General Services Administration

The GSA officials that were interviewed strongly emphasized that the greatest problem in obtaining quality is in obtaining quality design. GSA maintains that design quality is enhanced through use of a Construction Quality Manager (CQM) to analyze design at its inception. The CQM examines the design and stays on the job through construction as a GSA inspector. The CQM function is typically performed by GSA officials and, more recently, by private firms.

GSA emphasized the importance of insuring conformance with contract requirements and the necessity of correlating design and constructability. GSA asserts that this relationship is critical and requires communication with the contractor and the early identification of problems.

GSA procures construction services almost exclusively through sealed bidding and rarely uses negotiation, except in peculiar situations.[102] GSA's view is that when the design is precise, meets user requirements, and is constructable, the government will be well on its way to avoiding problems and claims. When negotiated contracts are used, GSA notes that the process can take twice the time required for sealed bids and, because negotiation is so manpower intensive, negotiated awards are much more costly in terms of administration. Moreover, GSA feels that negotiated procurement leads to reduced competition and higher prices.

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[102] The renovation of the historic Blair House in Washington, D.C. was cited as an exception.

V. Department of Veterans Affairs[103]

The Department of Veterans Affairs (VA) relies almost exclusively on sealed bidding procurement.[104] In fact, only two contracts have recently been awarded through competitive negotiation.[105]

The VA is very satisfied with its sealed bidding results. It has the typical owner problems, including a tough client, rapidly changing technology, and the normal personality clashes. Nevertheless, the VA believes that quality construction and responsible contracting services can be procured through sealed bidding.

The VA makes a strong effort to obtain a quality design and proper plans and specifications. The VA has rather complete master guide specifications, construction standards, and standard construction details which its AEs are obligated to incorporate into the plans and specifications.

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[103] On March 15, 1989 the "Veterans Administration" officially became a separate department, known as the "Department of Veterans Affairs."

[104] Ninety percent of the VA's contracting budget of about $5 billion is expended through sealed competitive bid means. The remaining ten percent is awarded under the 8(a) program.

[105] Both contracts involved a cogeneration addition to an existing medical facility which involved work of a very technical nature; in essence, the VA wanted to select its contractor. In the second contract, only one proposal was received initially and the VA resolicited on a negotiated contract basis.

Once contracts are let, the VA follows a standard quality assurance program. The VA looks to its contractor to provide quality control and its staff at the project to oversee quality assurance; the VA feels that it has had few quality difficulties.

It is the view of the VA that whether a contract is negotiated or is competitively let, there can be no difference in quality of the work. The method of the letting of a contract has no bearing on quality.

CHAPTER 4

Recent Contracting Approaches and Questionable Use Of Competively Negotiated Procurement

I. New Contracting Approaches Within the Sealed Bid Method

Two Corps of Engineers districts have recently experimented with approaches to contractor selection and contractor performance which are unique - the "evaluated total cost contracting" approach used at the Omaha District and the "partnering" concept of the Mobile District.

A. "Evaluated Total Cost Contracting"

The COE Omaha District, for certain projects, has developed its own unique method of construction contractor selection that involves a fixed price contract in conjunction with other objective contractor information. This novel approach is referred to as "Evaluated Total Cost Contracting."

The bid documents require the contractor to specify (1) the price for the project, (2) time for contract performance, (3) overhead as a percentage, and (4) extended overhead per calendar day.[106/] For purposes of evaluating bids, the government applies a percentage factor, set forth in the solicitation to the bidder's performance period, overhead rate and extended overhead. These factors in conjunction with the

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[106/] Interview with Omaha District of U.S. Corps of Engineers (District Engineers Office), in Omaha, Nebraska (January 30, 1989).

bidder's price are used to calculate an adjusted bid price. The responsive, responsible bidder having the lowest adjusted bid price is then awarded the contract.

An advantage of this method of bid evaluation is that it eliminates elements of the subjectivity inherent in negotiated procedures; instead, the contractor sets his own time of performance and overhead both based on a projected schedule before the contract is awarded. The administrative burden with this method of contracting is not significantly greater than with sealed bidding, and the Omaha District believes it has reduced any contractor/government adversarial relationship.

The evaluated total cost approach, while legally viable, is an uncertain method of bid evaluation. This method seemingly favors contractors who have more personnel and equipment available to perform a particular job. Additional resources can shorten time of performance which, under this formula creates a "lower evaluated cost."

This formula also fails to allow flexibility in calculations of overhead and extended overhead. Overhead both as a percentage and per calendar day is locked in at the outset and this method does not appear to allow adjustments to overhead (e.g., with inflation).

This system is viewed by the government as within the sealed bid method of contracting. However, the bidder with the lowest price, who, under traditional non-subjective sealed bidding would be awarded the contract, does not necessarily receive the contract award. Consequently, this approach may be controversial. It is uncertain how widespread this system will become.

B. "Partnering"

A new approach being implemented in connection with sealed bidding (principally by the Mobile District) is called "partnering." Utilized on large projects, "partnering" is an attempt at the beginning of the project (i.e., prior to mobilization) to establish improved communication between the contractor and the government.

As implemented by the Mobile District, representatives of the Owner and Contractor attend a 3-4 day "retreat" shortly after contract award.[107/] The representatives include senior officials (e.g., Chief of Construction and company senior vice president) and project managers (e.g., Resident Engineer and Project Superintendent). The objectives of each party are openly discussed at the "retreat."[108/]

Follow-up meetings are scheduled every 3-6 months to evaluate project progress. Specific areas of concern are

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[107/] Interview with COE Mobile District.

[108/] One example of a discussion topic is subcontractor selection. At a particular "retreat," the COE representatives advised the Contractor about their experiences with the proposed subcontractors. The result was that the parties left the "retreat" in agreement about scheduling and other work-site concerns.

addressed at these follow-up meetings.[109] Mutual understandings are arrived at because the COE is able to disclose upcoming concerns and an array of alternatives are discussed before any problem arises. This reduces the number of disputes and claims.[110]

The principal purpose of "partnering" meetings is to emphasize the point that the Owner and Contractor share common objectives. The COE (or any Owner) wants a quality product built within budget, on time, without disputes (claims) or rework in addition to a safe worksite. Similarly, the Contractor wants a quality product to satisfy the COE/Owner (pride in workmanship), within estimate (assures profit), on schedule, without rework or litigation and a safe worksite. Based on this analysis, the COE Mobile District believes that a "partner" type relationship can be developed in which the COE/Owner and contractor work together, combine resources and that produce a greater return on the original investment. "Partnering" meetings emphasize these points in the context of discussions as the work progresses.

Partnering is labor intensive and can frequently only partially be implemented. Nevertheless, the principal objective and advantages of "partnering" are applicable to all contracts. Each project should provide a mechanism to keep open the lines of communication. A construction project is not an adversarial relationship and should not become one. Partnering avoids the development of animus by providing for regularly scheduled meetings. The goals and objectives of each party are communicated and working relationships should improve. Open and frank communication can occur on any project site and construction managers should foster "teamwork."[111]

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[109] Discipline is an important factor in the operation of "partnering." The contractor typically seeks to resolve concerns at the highest Government level. The Chief of Construction should not allow "partnering" meetings to undermine the Area Resident Engineer by allowing the contractor to discuss disputes properly resolved by the on-site staff.

[110] Interview with COE Mobile District.

II. Questionable Use Of RFPs By Contracting Officers, Despite FAR

A. Generally

CICA and the implementing regulations in the FAR require that the Contracting Officer shall solicit sealed bids if: time permits; the award will be based on price or price related factors; it is not necessary to conduct discussions with responding offerors; and there is a reasonable expectation of receiving more than one sealed bid.[112] When a decision is made not to use sealed bidding, FAR further specifies that the Contracting Officer shall explain in writing which of these four conditions has not been met.[113]

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[111] Interview with COE Baltimore District.

[112] CICA at Subtitle A 2711(a)(1), subtitle B 2723(a)(1); FAR 6.401(a).

[113] FAR Subpart 6.4.

B. Mandatory Agency Use of Sealed Bidding Procedures

In Northeast Construction Co.,[114] the Air Force used competitive negotiation rather than sealed bidding procedures to procure repair and improvement construction[115] to military family housing units. Northeast Construction Company, along with eight other potential offerors, brought a protest before GAO against the use of competitive negotiation procedures (*i.e.*, RFPs) instead of sealed bidding procedures (*i.e.*, IFBs).

The Air Force solicitation contained "per unit" cost limitations, did not require technical proposals, and provided that award would be made on the basis of "price only." As noted by GAO, the Air Force attempted to justify the use of negotiated procurement procedures by indicating:

> [I]t expects there to be a need for discussions. Specifically, the Air Force argues that, because of the "complexity" of the projects, it concluded that negotiations might be required. [T]he Air Force argues that cost limitations associated with the project might require discussions should any or all of the offerors exceed the cost limitations. In short, the Air force argues that it employed negotiation procedures in order to avoid solicitation cancellations in the event of pricing in excess of the cost limitations as well as to ensure through discussions that the offering firms understand the nature and complexity of the required services.[116]

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[114] Comp. Gen. Dec. B-234323, B-234406 (Apr. 24, 1989); *see* Appendix B for the full text of the case.

[115] This construction involved replacing roofs and windows and some painting work at Travis and Dover Air Force bases.

[116] *Northeast Constr. Co.*, Comp. Gen. Dec. B-234323, B-234406 at 2.

Northeast Construction asserted that the Air Force's use of RFPs violated CICA, 10 U.S.C. 2304(a)(2)(Supp. IV 1486), which enumerates the four requisite elements for use of sealed bidding. In upholding Northeast Construction Company's protest, GAO stated:

> Our office has previously held that the use of sealed bidding procedures is required where the conditions specified in CICA, 10 U.S.C. 2304(a)(2), are present. *See* *ARP Corp.*, B-227055, Aug. 17, 1987, 87-2 CPD 165, *aff'd*, *The Defense Logistics Agency--Request for Reconsideration*, 67 Comp. Gen. 16 (1987), 87-2 CPD 365. Our decision in that case was based upon the mandatory nature of the language found in 10 U.S.C. 2304(a)(2) as well as the supporting legislative history of that provision. Simply stated, *an agency is required to use sealed bids where: (1) time permits; (2) award will be based on price and price-related factors; (3) discussions are not necessary; and (4) more than one bid is expected to be received*. Here, we think that the acquisitions in question fit squarely into the terms of the statute's requirements and that, consequently, the Air Force was required to employ sealed bidding procedures. (Footnote omitted.) (Emphasis added.)[117]

Moreover, in sustaining the protest, GAO emphasized the requirement that government agencies provide substantive explanations for precisely why certain projects are complex, and exactly what discussions actually may entail by stating:

> [T]he Air Force has failed to provide any explanation of why the projects are complex or are other than *routine construction work*. The Air Force has also failed to

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[117] *Id.* at 2-3.

> state what the subject of any discussions would be.[118] (Emphasis added.)

As a result, GAO recommended that the RFPs in question be terminated and reissued using sealed bidding procedures. GAO also found that Northeast Construction Company was entitled to filing costs associated with the protest as well as attorneys' fees.

From this decision, it is evident that GAO interprets CICA literally as written such that Contracting Officers are obligated to use sealed bidding procedures for construction procurement when the requisite criteria exist. Consequently, agencies are not permitted to claim project complexity, need for discussions, or restricted funds as a means to use negotiated procedures without real evidence to justify the use of negotiation.

C. High Tech Toilet/Shower Building

An example of a Contracting Officer's arguable justification for using competitively negotiated procurement concerned a RFP for a Toilet/Shower Building.[119] The Contracting Officer submitted a written explanation for using RFPs which stated:

> The use of sealed bidding is not appropriate in this instance as all four conditions specified by FAR 6.401(a) are not present. Due to the innovativeness and complexity of this procurement, it will be necessary to conduct discussions with the responding offerors to discuss demonstrated ability in

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[118] *Id.* at 4.

[119] Source: Regard, Mississippi Valley Flood Control Branch, AGC (Jan. 20, 1989).

> areas such as management, experience, administrative procedures, and technical understanding of the work. As evidenced above, the award decisions must be made on other than price or price-related factors to assure the Government receives the best combination of technical quality and cost. (Emphasis added.)

The Contracting Officer did not explain why any of the four conditions for use of sealed bidding set forth in FAR 6.401(a) were not met. Moreover, the Contracting Officer described the design and construction of this toilet/shower building as an innovative and complex procurement.

D. Helicopter Pad

Another illustration of the misuse of negotiated procurement occurred with respect to a helicopter stagefield. The procurement agency admitted that a fully developed set of plans and specifications existed, but still used competitive negotiation procedures.

Originally, the award was made to the fourth lowest offeror for $14.1 million (the lowest proposal was $12.3 million), but GAO ordered a renegotiation. The end result was that the stagefield cost $1.5 million more than the lowest proposal. Moreover, a similar stagefield (for tanks) had been procured by this agency through sealed bidding just prior to this helicopter stagefield procurement.

E. Technical Issues Asserted In Tunnel Project

While generally obtaining construction by means of sealed bid fixed-price contract procurement, another agency recently utilized negotiated construction acquisition. A large contract awarded in 1988 by this method was that for a western tunnel project. Plans and specifications were sent to 156 contractors who were asked to submit proposals.

At a March 16, 1988 Pre-Proposal Conference, a Contractor representative noted that:

> [This] tunnel is a fairly simple tunnel project. The bidders on this size project have extensive tunnel experience, and that construction schedule does not appear to impact other construction contracts. Why does the government need this type of a proposal? It appears to ... be a breeding ground for favoritism.[120]

In response, a Contracting Officer representative provided a generalized, conclusory answer as follows:

> We see complexities in this project, we see specialized equipment, construction techniques, and this type of thing. And we feel that through the negotiated process, it permits contractors to propose their expertise in how they're going to accomplish this job, then we can evaluate and select that proposal which we feel is in the best interests of the government.[121]

The Contracting Officer's written justification (as mandated by FAR 6.401) for the use of competitive proposals for the tunnel similarly provides scarce substantive justification for the use of RFPs rather than IFBs.[122] The Contracting Officer cites claims for changes and differing site conditions which were experienced on another large tunnel constructed by the agency as evidence that negotiated procurement should be used.[123] It should be evident that changes due to field conditions or design changes will result from conditions encountered. Such claims may be due to deficient design or conditions neither party could have foreseen. In either event, it is a non-sequitur to suggest that a claim could be forestalled by negotiated procurement. Claims of this character have been and will be made by experienced construction companies of substantial record and reputation, irrespective of whether the contract was obtained by negotiation or sealed bidding. Ten so-called "major technical issues" were listed, but the Contracting Officer provides no real evidence distinguishing the technical difficulties of this tunnel from any other. In fact, the "issues" cited all appear to be routine considerations in tunnel construction.[124]

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[120] Transcript of the agency's Pre-Proposal Conference on the tunnel at 18 (Mar. 16, 1988).

[121] *Id.* at 19.

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[122] Contracting Officer Memorandum, "Justification for Use of Competitive Proposals" (Feb. 8, 1988).

[123] Id.

[124] The "technical issues" contained in this justification are listed below:

1. Suitability of equipment and methods for tunnel excavation and handling material.
2. Suitability of procedures in both wet and poor ground conditions.

(continued...)

It is worthwhile to note that the contract for this tunnel was awarded in August 1988, and that the contract price constitutes more than fifty percent of the total dollar amount awarded by the agency through negotiated procedures in 1988. The toilet/shower facility, helicopter stagefield and the tunnel all appear to involve routine or at least non-complex construction projects. In Northeast Construction Co.,[125] the Comptroller General declared that when all four elements of sealed bidding procedures in CICA (see supra) are present competitive negotiation cannot be used. Moreover, the

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[124] (...continued)

3. Offeror's understanding of the Government's ground classification system.

4. Compatibility of proposed support system with proposed excavation methods.

5. Compatibility of proposed water control methods with proposed excavation methods.

6. Compatibility of proposed lining procedures with proposed excavation methods.

7. Adequacy of site development plans to accommodate the anticipated construction activities.

8. Adequacy of proposed methods for construction of tunnel portal.

9. Adequacy of proposed key personnel, corporate experience, and safety record.

10. Quality of corresponding cost proposal to insure that proposed costs are properly allocated and balanced, reflect the proposed work method, and are realistic.

Id.

[125] See supra note 116 and Appendix B.

Comptroller General highlighted the fact that the type of construction involved was routine and the agency failed to explain the complexity of such construction. These three specific examples together with this GAO decision exemplify the need for some form of review of a Contracting Officer's decision (under FAR 6.401(a)).

One agency, the Bureau of Reclamation, however, has recognized the dangers in giving complete discretion over use of RFPs in the award of construction contracts to Contracting Officers. The Bureau implemented a detailed review system whenever RFPs are used (see *supra* Chapter 3 for further discussion). All other federal agencies should recognize the necessity of reviewing a Contracting Officer's decision to use RFPs to procure construction services and should implement similar procedures to ensure proper justification for using competitive negotiation instead of sealed bidding.

III. Dramatic Increase in Negotiated Procurement in DOD

Federal agency procurement personnel have stated a policy of continuing sealed bidding and indicate that more than 90% of their procurement *in terms of numbers of contracts* is handled in this fashion. Information obtained from the Federal Procurement Data Center[126] indicates, however, that, for construction,[127] the dollar percentage and numbers of negotiated contracts for a number of agencies (most dramatically in the Department of Defense) is markedly escalating and is actually exceeding in substantial fashion the percentage in terms of dollars and numbers of sealed bid contracts. As the tables below indicate, the Competition in Contracting Act (CICA) objective of increased competition ("free and open competition") is apparently being frustrated as to construction.

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[126] *See supra* note 32.

TABLES[128]

(FEDERAL PROCUREMENT FOR PERTINENT AGENCIES IN TERMS OF TOTAL DOLLARS PER YEAR)

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The information contained in the tables below was provided by the Federal Procurement Data Center (FPDC). All federal executive agencies must report detailed procurement data to the FPDC for contracts of $25,000 and above. Agencies may report procurement data on a voluntary basis to the FPDC for contracts less than $25,000.

Construction is broken down into (1) new construction (construction of structures and facilities) and (2) construction for repairs (maintenance, repair or alteration of real property). Dollar values for particular years (i.e., 1979, 1983, 1986, 1988) are broken down into three categories, (1) sealed bids (SB), (2) competitive negotiation (CN), and (3) non-competitive negotiation (NC).[129]

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[127] This increase in RFPs to procure construction is evident for both new construction as well as maintenance and repairs.

[128] SB - Sealed Bidding
CN - Competitive Negotiation
NC - Non-competitive Negotiation

[129] The dollar values for each of these three categories are broken down below:

a. Sealed bids (SB) - all sealed bid dollars including those awarded through two-step sealed bidding.

(continued...)

Table A

Department of Defense (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	2,388,090	1,205,542	148,862
1983	2,435,867	1,615,432	385,503
1986	2,220,190	3,295,462	243,936
1988	1,897,694	3,289,940	127,210

The Table above is broken down further as follows:

Corps of Engineers (000)

	SB	CN	NC
1979	1,994,973	721,538	85,658
1983	1,994,185	1,186,756	293,646
1986	1,608,856	2,329,351	113,661
1988	1,357,028	2,004,772	44,962

Navy (000)

	SB	CN	NC
1979	375,898	399,809	44,426
1983	364,471	328,939	51,684
1986	589,314	717,568	122,976
1988	525,209	1,038,342	80,334

Air Force (000)

	SB	CN	NC
1979	16,670	81,230	17,989
1983	77,211	97,475	39,211
1986	21,950	248,240	2,522
1988	15,457	245,567	1,914

129/ (...continued)

b. Competitive Negotiation (CN) - all dollars awarded through competitive proposals, combination of competitive methods or other competitive methods.

c. Non-Competitive (NC) - all dollars awarded through noncompetitive methods.

All Others (000)

	SB	CN	NC
1979	549	2,965	789
1983	* * *	2,262	962
1986	70	303	4,777
1988	* * *	1,259	* * *

Table A1

Department of Defense (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	335,989	1,089,837	125,913
1983	470,058	2,470,682	323,300
1986	518,591	2,720,667	161,913
1988	459,803	2,476,972	107,915

The Table above is broken down further as follows:

Corps of Engineers (000)

	SB	CN	NC
1979	220,226	472,197	68,949
1983	309,735	1,022,709	138,703
1986	302,647	1,491,024	63,511
1988	226,054	1,176,526	22,861

Navy (000)

	SB	CN	NC
1979	94,435	273,932	22,512
1983	138,823	649,327	93,181
1986	171,492	525,801	43,295
1988	205,786	534,290	35,515

Air Force (000)

	SB	CN	NC
1979	18,121	338,434	32,780
1983	21,500	788,253	89,188
1986	44,072	687,481	54,236
1988	22,531	755,739	49,469

All Others (000)

	SB	CN	NC
1979	3,207	5,274	1,672
1983	410	10,393	2,228
1986	945	16,361	871
1988	5,432	10,417	70

Table B

Department of Interior (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	189,595	90,521	30,843
1983	165,685	225,454	38,391
1986	291,244	97,990	16,308
1988	285,763	95,845[130/]	16,829

The Table above is broken down further as follows:

Bureau of Reclamation (000)

	SB	CN	NC
1979	94,600	31,316	2,658
1983	42,026	65,013	13,035
1986	224,245	95,872	14,106
1988	196,689	94,976	14,110

All Other Subagencies (000)

	SB	CN	NC
1979	94,995	59,205	28,185
1983	123,659	160,441	25,356
1986	66,999	2,118	2,202
1988	89,074	869	2,719

[130/] In $10 - 24.99 million Competitive Negotiation Category - total dollar value is purportedly $30,560,000

In $25 - 49.99 million Competitive Negotiation Category - total dollar value is purportedly $25,000,000

Syar Tunnel - awarded August 18, 1988 by Competitive Negotiation for $43,762,203

Table B1

Department of Interior (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	20,253	17,548	7,776
1983	22,079	40,796	40,308
1986	60,941	14,485	15,344
1988	42,942	6,094	7,889

The Table above is broken down further as follows:

Bureau of Reclamation (000)

	SB	CN	NC
1979	9,067	1,560	204
1983	3,246	5,391	7,754
1986	6,671	813	1,007
1988	487	34	* * *

All Other Subagencies (000)

	SB	CN	NC
1979	11,186	15,988	7,572
1983	18,833	35,405	32,554
1986	54,270	13,672	14,337
1988	42,455	6,060	7,889

Table C

General Services Administration (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	3,764	11,646	1,109
1983	17,384	838	* * *
1986	5,260	1,454	3,045
1988	7,759	951	23

General Services Administration (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	22,441	69,866	2,832
1983	36,050	122,710	8,185
1986	242,515	99,867	13,802
1988	207,172	35,734	2,718

Table D

Veterans Administration (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	133,308	56,052	120,434
1983	236,078	171,455	31,236
1986	369,671	7,753	16,628
1988	310,596	7,399	33,101

Veterans Administration (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	19,751	36,038	15,767
1983	82,041	160,827	56,070
1986	191,767	10,206	38,712
1988	270,598	4,070	34,098

Table E

U.S. Agency for International Development (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	* * *	* * *	* * *
1983	* * *	* * *	86
1986	* * *	5,590	2,450
1988	* * *	* * *	* * *

U.S. Agency for International Development (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	* * *	* * *	* * *
1983	* * *	* * *	* * *
1986	* * *	* * *	49
1988	252	* * *	689

Table F

Department of Agriculture (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	84,027	138,080	6,421
1983	47,005	170,322	12,188
1986	138,971	3,864	8,258
1988	115,570	12,842	11,095

Department of Agriculture (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	2,895	7,821	606
1983	2,007	22,046	4,047
1986	27,279	3,996	1,892
1988	27,265	144,614	21,168

Table G

Department of Energy (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	19,726	342,946	103,464
1983	75,171	259,045	30,100
1986	224,713	105,025	22,054
1988	126,644	146,133	34,588

Department of Energy (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	4,625	52,044	123,829
1983	927	9,783	8,309
1986	3,789	1,720	4,584
1988	4,389	446	4,683

Table H

Department of Transportation (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	38,128	58,520	112,760
1983	45,512	136,497	80,239
1986	220,299	21,667	9,051
1988	147,631	12,184	8,080

Department of Transportation (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	3,255	8,331	1,603
1983	25,565	16,469	4,529
1986	32,555	6,462	8,839
1988	10,477	2,509	5,494

Table I

National Aeronautics & Space Administration (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	26,869	18,633	17,397
1983	4,999	31,765	14,265
1986	42,401	140,216	8,689
1988	75,963	202,417	21,315

National Aeronautics & Space Administration (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	5,435	59,606	2,266
1983	5,750	99,852	5,818
1986	35,976	23,357	22,692
1988	29,782	21,764	18,559

Table J

Department of Housing & Urban Development (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	* * *	* * *	* * *
1983	* * *	* * *	* * *
1986	* * *	* * *	* * *
1988	* * *	* * *	* * *

Department of Housing & Urban Development (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	* * *	9,877	19,534
1983	* * *	* * *	116
1986	* * *	1,116	2,021
1988	139	2,263	2,903

Table K

Department of Treasury (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	* * *	* * *	394
1983	30	40	74
1986	241	941	1,659
1988	85	3,029	199

Department of Treasury (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	207	* * *	* * *
1983	* * *	2,239	* * *
1986	4,514	100	717
1988	100	5,645	250

Table L

All Federal Executive Agencies
Fiscal Year Totals (000)
Construction of Structures and Facilities

	SB	CN	NC
1979	2,813,114	1,936,355	465,042
1983	2,973,092	2,670,751	631,480
1986	3,368,288	3,729,535	395,881
1988	3,071,262	3,810,361	289,556

All Federal Executive Agencies
Fiscal Year Totals (000)
Maintenance, Repair or Alteration of Real Property

	SB	CN	NC
1979	542,033	1,386,261	406,640
1983	814,207	2,994,289	450,170
1986	1,341,113	2,902,117	324,210
1988	1,146,507	2,728,377	234,444

Table M

Federal Construction Dollars (000)

	Sealed Bids	Other Than Sealed Bids
1979	3,355,147	4,194,298
1983	3,787,299	6,746,690
1986	4,709,401	7,351,743
1988	4,217,769	7,062,738

While CICA may be effective as to military hardware contracts, the trend in construction from sealed bid contracting to negotiated procurement is contrary to the continued preference for "free and open competition" through sealed bidding. The "competition" in negotiated procurement, which is inherently more subjective, is obviously reduced. This is contrary to long established procurement policy.131/

A report prepared by the Federal Procurement Data Center specifically for this Report, which contains data concerning individual construction contract awards, contains information which is eye-opening, especially with respect to the Department of Defense. For many major construction agencies, with special emphasis on the Department of Defense (i.e., Army Corps of Engineers, Navy and Air Force), an inordinate number of contracts for construction (even after accounting for and recognizing the military's predisposition to award family housing through negotiated means), is awarded through negotiated instead of sealed bid procedures.

Moreover, the military agencies have solicited a significant number of large dollar value construction contracts through competitive proposals (RFPs) not IFBs. A listing of instances of potential overusage of competitive proposals, when sealed bidding may well have been appropriate, follows.

131/ State and local government construction procurement also favors sealed bidding.

Department of Defense (1988)

Construction Description	Negotiated Dollar Amount (Contract Type) Awarded
I. Army Corps of Engineers[132]	
a. Construct Miscellaneous Building(s)	250,817,000 (Fixed Price)
b. Construct Other Warehouse Building(s)	28,377,000 (Fixed Price)
c. Construct Other Administrative and Services Building(s)	18,631,000 (Fixed Price)
d. Construct Miscellaneous Building(s)	18,382,000 (Fixed Price)
e. Construct Dining Facilitie(s)	10,267,000 (Fixed Price)
II. Navy[133]	
a. Construct Non-Building Facilitie(s)	79,630,000 (Fixed Price)
b. Construct Non-Building Facilitie(s)	48,335,000 (Fixed Price)

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[132] In terms of total dollars spent in 1988 on new construction, the COE spent $2,004,772,000 through negotiated procurement and only $1,357,028,000 through sealed bidding. Construction dollars spent overseas in 1988 accounted for $15,445,000 in sealed bids and $381,064,000 in competitive proposals.

[133] The Navy awards more contracts through sealed bidding than the COE, but in terms of total dollars spent in 1988 on new construction, the Navy still spent $1,038,342,000 through negotiated procedures and only $525,209,000 through sealed bidding. With respect to the Navy, it is interesting to note that it spent $37,477,000 in competitive proposals, however, the Navy spent $129,073,000 in sealed bids overseas in 1988.

c.	Construct Other Airfield Structure	19,625,000 (Fixed Price)
d.	Construct Other Airfield Structure	17,998,000 (Fixed Price)
e.	Construct Educational Building(s)	14,775,000 (Fixed Price)

III. Air Force[134]

a.	Construct Administrative and Services Building(s)	26,586,000 (Cost-Plus Award-Fee)
b.	Construct Miscellaneous Building(s)	6,650,000 (Fixed Price)
c.	Construct Miscellaneous Building(s)	2,877,000 (Fixed Price)
d.	Construct Recreational Non-Building Structure(s)	1,172,000 (Fixed Price)

From the data contained in the Federal Procurement Data Center Report, it is apparent that the Bureau of Reclamation historically has awarded most of its contracts for new construction through sealed bidding both in terms of numbers of contracts and total dollar amounts.[135] Nevertheless, the Bureau

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[134] The Air Force awarded the vast majority of its 1988 construction contracts through negotiated procedures as evidenced by the $245,567,000 it spent through negotiated procurement, while only spending $15,427,000 through sealed bidding. Construction dollars spent overseas in 1988 accounted for $20,880,000 in competitive proposals, but the Air Force spent no money overseas through sealed bids for construction in 1988.

[135] In 1988, the Bureau of Reclamation for new construction spent $196,689,000 on sealed bidding and only $94,976,000 on competitive proposals. In 1986, this ratio was $224,245,000 sealed bids/$95,872,000 negotiated and in 1979 these figures were $94,600,000 sealed bids/$31,316,000 negotiated. While in 1983, the Bureau spent for new construction $65,013,000 through

(continued...)

warded a number of questionable contracts for new construction in 1988 (prior to implementation of its new negotiated review procedure) through negotiated rather than sealed bid procedures, as demonstrated below.

Bureau of Reclamation (1988)

	Construction Description	Negotiated Dollar Amount Awarded (Contract Type)
a.	Construction of Dams	24,983,000 (Fixed Price)
b.	Construction of Dams	18,975,000 (Fixed Price)
c.	Construction of Dams	13,400,000 (Fixed Price)
d.	Construction of Dams	9,898,000 (Fixed Price)

In terms of new construction, the General Services Administration awarded few construction contracts, worth a small dollar amount in 1988.[136] However, with regard to numbers of contracts, there were 8 sealed bids award, 7 negotiated awards

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135/ (...continued)
negotiated procedures and $42,026,000 through sealed bidding, the entire Department of Interior expended for such construction $225,450,000 on negotiated procurement and only $165,685,000 through sealed bidding.

136/ The General Services Administration awarded sixteen contracts for new construction in 1988, eight were awarded through sealed bidding ($7,709,000) seven were awarded through negotiation ($951,000) and one was noncompetitive ($23,000).

and 1 sole source award. Potential dubious negotiated proposals include:

Government Services Administration (1988)

	Construction Described	Negotiated Dollar Amount Awarded (Contract Type)
a.	Construct Non-Building Exhibit	300,000 (Fixed Price)
b.	Construct Non-Building Exhibit	209,000 (Fixed Price)
c.	Construct Administration and Service Building	267,000 (Fixed Price)

The Department of Veterans Affairs (VA) demonstrates a clear preference for sealed bidding in the information provided by the FPDC.[137] Only in a few contracts did the VA use negotiated procedures to award new construction contracts. A few of the highest value negotiated contracts and also somewhat suspect are set forth below.

Veterans Administration (1988)

	Construction Described	Negotiated Dollar Amount Awarded (Contract Type)
a.	Construct Laboratories and Clinic	2,674,000 (Fixed Price)

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[137] The Veterans Administration expended $310,596,000 on sealed bidding for new construction in 1988, and only $7,399,000 on competitive proposals; however, $33,101,000 was spent through sole source contracts.

b.	Construct Hospital(s) and Infirmary	1,793,000 (Fixed Price)
c.	Construct Laboratories	948,000 (Fixed Price)

The Department of Transportation (DOT) in 1988 overwhelmingly awarded contracts for new construction through sealed bids rather than negotiation.[138] Still, in at least a couple of instances DOT may have used competitive proposals unnecessarily.

Department of Transportation (1988)

Subagency	Construction Description	Negotiated Dollar Amount Awarded (Contract Type)
Federal Aviation Administration	Construct Radar & Navigational Structure(s)	$1,713,000 (Fixed Price)
Federal Highway	Construct Highway(s)/ Road(s)/Street(s)/ (Bridge(s)	$988,000 (Fixed Price)

The Department of Agriculture (DOA), which has a relatively small construction program, in 1988 awarded the vast majority of its new construction contracts by sealed bidding.[139] A number of questionable negotiated new construction contracts were still awarded in 1988, as discussed below.

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[138] For 1988, the Department of Transportation awarded $147,631,000 worth of contracts for new construction through sealed bidding and only $8,080,000 through negotiated procedures.

[139] The Department of Agriculture, in 1988, awarded $115,570,000 worth of IFB contracts for new construction and $12,842,000 worth of RFPs.

Department of Agriculture (1988)

Subagency	Construction Description	Negotiated Dollar Amount Awarded (Contract Type)
Soil Conservation Service	Construct Dam(s)	1,392,000 (Fixed Price)
Agriculture Research Service	Construct Warehouse Building(s)	1,125,000 (Fixed Price)
Forest Service	Construct Highway(s)/ Street(s)/Bridge(s)	779,000 (Fixed Price)

Information from the FPDC indicates that the Department of Energy (DOE) awards the majority of its contracts for new construction through the traditional sealed bid method. Nevertheless, with respect to the large dollar contracts, DOE, at least in 1988, shows a strong propensity to using RFPs.[140/] Although DOE contracts in general may involve high technology, a number of 1988 new construction contracts appear dubious.

[140/] The Department of Energy continued the trend of DOD by awarding in 1988 $146,133,000 through negotiated procedures for new construction and only $126,644,000 through sealed bidding. Furthermore, the largest sealed bid contract was for $23,502,000 which was well above the next valuable sealed bid contract, which was only worth $11,693,000. As shown above, a number of negotiated contracts were awarded dollar values well in excess of $50,000,000.

Department of Energy (1988)

	Construction Description	Negotiated Dollar Amount Awarded (Contract Type)
a.	Construct Miscellaneous Building(s)	72,392,000 (Cost-Plus-Award-Fee)
b.	Construct Non-Building Facilities	63,724,000 (Cost-Plus-Fixed-Fee)
c.	Construct Administration and Services Building(s)	5,643,000 (Fixed Price)
d.	Construct Non-Building Building Facilities	3,575,000 (Fixed Price)

Similarly, the National Aeronautics and Space Administration (NASA) also awarded the vast number of contracts for new construction in 1988 by sealed bids. However, this is also a misleading factor because for contracts of a significant value, NASA heavily preferred negotiated procedures in 1988.[141/] Examples of the expensive contracts awarded by RFPs in questionable circumstances follow.

National Aeronautics and Space Administration (1988)

	Construction Description	Negotiated Dollar Amount Awarded (Contract Type)
a.	Construct Non-Building Facilities	178,588,000 (Cost-Plus-Incentive-Fee)
b.	Construct Office Building(s)	18,700,000 (Cost-Plus-Fixed-Fee)

[141/] The National Aeronautics and Space Administration awarded for new construction in 1988 only $75,963,000 in terms of scaled bids and $202,417,000 with respect to negotiated procurement.

c.	Construct Gogo[142/] Facilities	1,433,000 (Fixed Price)

As evident in the information provided, *supra* at 78-88 procurement dollars expended for construction, including maintenance and repair, lean even more heavily towards negotiation and away from sealed bidding. Although negotiation may justifiably be used more often for performance of construction repairs, when definitized and/or adequate specifications are not available, the extent to which agencies are currently using negotiation appears to be excessive. Sealed bids are often appropriate to procure construction repair and/or maintenance work and agencies should begin to rely much more heavily on sealed bids to procure such construction services.

IV. Fraud

Proponents of sealed bidding procurement, in which award is made on price criteria, emphasize that this objective system is largely free of abuse. Introducing subjective criteria (*e.g.*, through negotiation) into the award process enables unscrupulous contractors and award officials to "steer" the award of a contract.

Concern about procurement scandals is particularly heightened today, in the face of current investigations. The Pentagon fraud scandal involves major contractors, consultants

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[142/] Government-owned-Government-operated.

and award officials.[143] Operation Ill Wind involves large military weapons and hardware contracts. Wedtech, another highly publicized procurement scandal, involved the Small Business Administration's minority set-aside program. These scandals did not involve construction contracting.

Instituting subjectivity, however, can open the door to procurement abuse or the perception of the facilitating of such abuse. Documented experiences in local procurement, where generally less stringent procurement requirements apply, indicate that municipal contracts can be steered to particular contractors. This, when combined with the breadth of Operation Ill Wind, suggests that federal construction should not, except in very limited circumstances, retreat from the safe confines of sealed bidding.

The limited number and types of fraud in federal construction contracts, when compared to military procurement, form a record worth maintaining. The federal government's track record for negotiated contracts indicates that sealed bidding procurement yields demonstrable benefits.

The contractor selection process under sealed bidding is open to all responsible contractors who submit sealed bids by a certain time at a certain place. Collusion is held to a minimum because the content of the bids is revealed first in an open public forum. Only the bidders themselves (*i.e.*, no procurement officials) know the content of the bids until bid opening, when the public is aware of the content of all such bids. This approach, with such demonstrable benefits, should not be abandoned.

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[143] For articles regarding Operation Ill Wind *see*, *e.g.*, 51 Fed. Cont. Rep. (BNA) 646; 51 Fed. Cont. Rep. (BNA) 94, 51 Fed. Cont. Rep. (BNA) 57.

The one agency that has completely abandoned sealed bidding, namely the Post Office, had its procurement criticized for lack of competition even before implementation of its new system. In May 1980, GAO made an assessment of Postal Service procurement and made recommendations, that while not precluding negotiated procurement, noted concern with decreasing competition in Postal Service procurement.[144]

Moreover, while GAO concluded that members of the Postal Service Board of Governors generally did not become involved in contractor selection, several such instances were discovered and were still under investigation.[145] Although these instances generally involved sole source procurement, at a minimum GAO recognized that the potential for abuse is heightened with the subjective negotiated method of contractor selection. A move back to sealed bidding at least for construction of Postal Facilities may prevent any future Postal Service procurement improprieties.

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[144] GAO Report: Postal Procurement, An Assessment of Postal Purchasing Practices at 7 (May 1988).

[145] Id. at 39 (one instance involving criminal charges concerns a contract for multi-line optical character readers).

CHAPTER 5

Quality Defined and Techniques To Achieve Quality

I. "Quality Construction" Defined: Distinguishing Between Quality In The Execution Of Construction And The Quality Of The End Product

Construction users seek high quality workmanship, the lowest reasonable possible cost and the shortest performance time. Obviously, expressing a definition of "quality" is difficult and any such definition must be adaptable and appropriate to the constructed product.

The construction industry has long been concerned with the question of quality in general, self-evidently from different perspectives - *e.g.*, that of the user (or owner), that of the architect-engineer (or designer), and that of the constructor, or contractor.[146]

However, much of the discussion and literature with regard to the question of quality tends to merge, or at least blur, two related but very distinguishable aspects of construction: (1) the action of administering and physically constructing a facility, and (2) the end product itself which results upon the completion of construction.

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[146] This concern has several causes of which some obvious examples would be certain spectacular failures in recent years, both in heavy works (*e.g.*, major bridge collapses on interstate highways in Connecticut and New York), in buildings (*e.g.*, the Hyatt Regency walkway collapse) and in the realization that much of the country's infrastructure needs rebuilding.

The LMI report referred to above, for example, confuses its discussion of quality in this manner by merging together certain aspects of the administration of the process of construction, such as contractor "responsiveness" to changes and meeting the schedule, on the one hand, with objectives in the end product of construction such as levels of workmanship exhibited and the meeting of specifications, on the other. (See LMI, Appendix B at B-1 and Table B-1.)

The process and the product are separable and what should be sorted out in their discussion are the elements of each which are significant and those which are peripheral. To put it another way, discussion and evaluation of what federal agencies are doing, or should be doing, should begin from the perspective of seeking to achieve the quality end product.

A. Quality As Discussed In The Corps Of Engineers "Blue Ribbon Panel Report"

The quality of construction by the Corps of Engineers was reviewed in 1982-83 and a report issued on Management of Construction Quality in the U.S. Army Corps of Engineers, in March 1983. That report found the percentage of Corps construction subject to quality problems to be small but made certain recommendations.[147]

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[147] The Panel's report defined "managing quality construction" as "the ability to construct projects according to professional quality plans and specifications in a timely fashion within budget."

A dimension of quality management felt to be important by the Panel was the CQC/QA (Contractor Quality Control/Quality Assurance) process. With respect to the primacy of QA, the panel noted that total contract compliance by contractors is required and that government QA responsibilities are paramount to obtaining full compliance.

B. Deputy Assistant Secretary of Defense (Installations)

An interesting bifurcation of the usual definition of quality appears in another report, quoting M.G. Ellis, the Air Force Director of Engineering and Services:

> "Surface quality" consists of those features that satisfy expectations; "intrinsic quality" relates to the "substance" of a facility, i.e., the functional responsiveness of its design, the excellence of construction materials and components, and the workmanship of the contractor. (Tiger, p. 3.)

The Director bifurcates aesthetic quality from functional quality.

C. Quality as Discussed in The ASCE Manual, "Quality in the Constructed Project"

The American Society of Civil Engineers (ASCE) is currently reviewing a preliminary edition of its Manual entitled, "Quality in the Constructed Project - a Guideline for Owners, Designers, and Constructors" (May 1988).[148] That manual, released for trial use and comment, according to ASCE, was initiated in response to a recognized need to prevent failures and produce quality in constructed projects.

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[148] American Society of Civil Engineers, Quality in the Constructed Project A Guideline for Owner, Designers and Constructors, Volume 1, (Preliminary Edition 1988) (hereinafter "ASCE Study").

The definition of quality advanced by the ASCE in the preliminary edition is directed to the product and reads as follows:

> For the purposes of this Manual, quality is defined as the totality of features, attributes, and characteristics of a facility, product, process, component, service, or workmanship that bear on its ability to satisfy a given need: fitness for purpose. It is usually referenced to and measured by the degree of conformance to a predetermined standard of performance.
>
> In simple terms, quality is meeting the requirements. The requirements may be simple or complex, or they may be stated in terms of the end result required or as a detailed description of what is to be done. But, however expressed, quality is obtained if the stated requirements are adequate, and if the completed project conforms to the requirements.[149]

Factors contributing to and characterizing quality include selection of qualified design professionals, adequate funding during a project's design phase, adherence to design quality standards, responsible use of computer assisted design, resources to verify conformance with requirements (through surveillance, inspection, testing, checking and review of work activities and documentation); all with the objective of meeting owner requirements as to functional adequacy and life cycle costs. The concepts embodied in value engineering and quality assurance programs should be considered.

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[149] ASCE Study at 17.

Other definitions of quality construction are consistent and only vary when the definition is directed to the end product or to the process or, more broadly, to the overall objective of the owner.

A more broad definition, encompassing owner objectives, reads:

> A quality construction project is one that fulfills its planned purposes and functions, is efficient in terms of construction and operation costs, either preserves or enhances the existing natural and human environments, and is adaptable to future changes in purposes.[150/]

D. Conclusion

Quality basically results from an excellent design, which fulfills the user's needs and is embodied in detailed drawings and specifications, combined with implementation in the field in total conformance to that design.

II. Techniques For Achieving Quality Construction

To evaluate the matter of achieving quality requires consideration of the entire construction process: planning; design; execution; and in many cases, operation of the end

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[150/] Col. J.E. Schaufelberger, Corps, Ft. Worth District.

product. A breakdown in one phase can severely impair the ability to furnish quality construction.[151]

The principal responsible contributors to success in any construction project, sometimes referred to as the "construction triangle" (whether public or privately financed), are the owner (*i.e.*, the user or customer), the designer (architect, A-E or design professional) and the contractor. Each of these contributors plays a critical role in the effort to provide "quality" construction. A party who fails to produce quality performance or acts in a vacuum unrelated to the roles of the other players can create a pitfall that causes the "quality" of the end product to suffer.[152]

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[151] Chief of Engineer [COE] Policy Letter No. 21:

> Quality products, therefore, begin with requirements carefully developed by our customer, reviewed for adherence to existing guidance, and ultimately reflected in criteria and design documents which accurately address these needs. The quality process continues with competent management of our construction contracts. Our system provides the organizational and contractual tools necessary to assure quality, but only if applied in a professional, timely and positive manner.

[152] Interview with COE Fort Worth District.

A. Planning

The customer plans a project and begins the construction process. By initiating the process, planners wield the first and perhaps greatest impact on "quality."[153] Failures in the planning process can surface in the design or the execution phase or both. Therefore, planners should consider carefully the impact their decisions have on both design and execution.

1. User Establishes The Project Scope

Planning begins at the customer level when the user of a facility identifies a need for construction. The user then identifies the criteria and parameters of the project that will satisfy that need.[154]. In addition to defining the project scope, the user establishes a project budget and the timeframe in which the project is needed. These criteria are broadly referred to as the "project scope."[155]

The last two criteria of the project scope are of particular importance in public construction. Government appropriations and budgeting cycles are not necessarily conducive to construction planning and implementation. For example, Congress may authorize a project and demand an accelerated construction process or reduce appropriations for the project.

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[153] ASCE Study at 19 (Figure 2.1).

[154] Interviews with COE, Fort Worth District; COE Baltimore District; VA.

[155] Interviews with COE, Fort Worth District; COE Baltimore District.

> GSA cannot completely control some of its construction program problems. For example, delays in obtaining congressional approval and funding have caused some building projects to be delayed, thereby increasing the cost of constructing the buildings and creating a backlog of approved projects which have not been funded. . . . Currently, the congressional procedures do not require a coordinated long-range plan or the linking of authorization and planning to the budgeting process.156/

Impacts on time and funding affect "quality" in construction, particularly when user needs and project scope are not reduced to accommodate restricted funding.157/

Also, because the user must seek project approval from others, the user may underestimate the budget constraints and time necessary to obtain approval. This is a dubious decision for the user. Projects underfinanced or accelerated throughout the design and execution phases frequently face problems later.158/

2. Techniques To Avoid Planning Problems

Two techniques available to avoid planning difficulties are (1) insist on "project realism," and (2) ensure that designers participate in development of the project scope. Planning decisions contribute to difficulties when the user

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156/ Comptroller General Report, What Has GSA Done To Resolve Previously Reported Problems In Its Construction Program? at 39 (1981) (hereinafter "Study of GSA").

157/ Interview with COE, Fort Worth District.

158/ Interview with COE Baltimore District.

establishes the project criteria in a virtual vacuum and thereby binds the designers and contractors to conflicting objectives, including cost, time and scope.

a. Project Realism

A "project realism" approach to planning encourages users and planners to establish realistic scope, price and time criteria.

> It is imperative parties involved in the project evolution agree that the design scope of work accurately reflect their needs. This agreement must take place prior to the start of design and should become the baseline against which the project is evaluated after that point.[159]

The customer must inter alia, identify space requirements, and planned uses of the facility and other criteria. Without these criteria, the designer is unable to definitize the plans and specifications. A General Accounting Office report on the GSA construction program noted that:

> Communication breakdowns between GSA and other agencies often concern space requirements, agency's changes to planned use of space, and relocations. When effective and timely communications do not take place on construction projects, the result is usually project delays and costly change orders, both of which increase construction costs. We have reported that at times GSA has little control over these situations and is forced to make design

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[159] Letter of Assistant Commander and Director, Engineering and Construction (April 20, 1984) "Customer/User Interface in the Design/Construction Process" (hereinafter "Customer/User Interface Letter").

> decisions on the basis of incomplete information and assumptions.[160]

Also, planners need to be informed with respect to the local construction market and develop the project criteria with a sensitivity towards a realistic budget and timeframe.[161] Reducing the project budget or accelerating the design and execution schedule may prove politically popular in the short term but will likely cause later difficulties.

b. Input From The Designers And Government Construction Management Personnel Increase The Likelihood of Obtaining Project Realism

The user should involve members of the design and government construction management team when preparing the project scope to inject adequate "project realism" into the planning process. The project scope is finalized when it is approved by the funding authority (*i.e.*, agency heads and Congress). The designer often may not reduce the scope or increase the budget.[162] At the same time, the schedule is fixed and design delays shorten the construction period.

Adversarial relationships often develop when the design team is asked to provide incompatible objectives.[163] The time to resolve these concerns is not after Congress has authorized the project, but before. Scope reduction or increased budgetary authority are politically difficult once a project achieves Congressional approval. The COE encourages the following:

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[160] Study of GSA at 8.

[161] Interview with COE Fort Worth District.

[162] Interview with COE Fort Worth District.

[163] Several COE Districts noted more problems on military construction projects than civil construction. Military construction projects begin with a Form 1391 and Project Design (continued...)

> To accomplish this, the division and/or district should ensure that representatives of the using agency, installation and MACOM [Major Command] are provided the opportunity to participate in the predesign conference. During the predesign conference, all documents pertaining to the project scope and design should be reviewed, such as the DD Form 1391, the PDB 1 and 2, engineering instructions, and any other special instructions or documents.[164]

Project realism reviews by higher echelons of the user agency are insufficient. Higher echelon personnel responsible for preparing an overall construction budget lack the resources to review (in detail) each project request:

> GSA's case-by-case submission of prospectuses under current authorization procedures forces decisionmaking with no knowledge of a particular project's place in the overall program mission. Because these procedures do not link planning and authorization to budgeting, the funds that are available may not go to carrying out the highest priority.

163/ (...continued)
Brochure which establish the project scope. The Form 1391 is approved by the user agency and placed into that agency's construction budget without COE input. The COE then receives the authorized project and must design and then manage construction of a project with irreconcilable objectives. COE involvement in preparation of the Form 1391 should reduce this problem. In agencies where the project scope, design and management are the responsibility of the same agency then insufficient resources may explain the lack of design team involvement in the planning process.

[164] Customer/User Interface Letter.

> Case-by-case decisionmaking also prohibits judicious analysis of alternative approaches to meeting program objectives.[165]

Realism must start with and be the responsibility of the user. The user should broaden the planning team to include designers and government construction managers.[166]

c. Life Cycle Management

Life cycle management establishes a project team that oversees construction from planning conception through execution, approval by the government and operation of the facility. The government management team is thoroughly familiar with the project, its intended use and the myriad of design decisions incorporated into the plans and specifications. Familiarity with the project improves execution phase decisionmaking thereby averting delays and disputes.[167]

The project management team is interdisciplinary. A variation of the concept would allow the team leader to change through the various phases. The planning representative would chair the planning phase, an A/E would preside during design reviews and the government construction manager would be group leader during execution. Although the leaders rotate, the team remains intact.[168] Life-cycle management expands the interface between planning, design, execution and operation.

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[165] Study of GSA at 44.

[166] *Id.*

[167] Interviews with VA; COE Mobile District.

Such a procedure promotes project realism. Time and budget deadlines are maintained because the need (and any resultant acrimony) to address project scope issues is reduced or eliminated.[169] Life-cycle management is time intensive and requires a centralized government organization. The agency must have planning, design and construction management capabilities. Agencies with decentralized structure may lack the resources to establish a project management team for all contracts.

The Department of Veterans Affairs uses a life-cycle management program. Project Managers located in Washington, D.C. oversee the planning, design and execution of the construction of a facility. The agency has general space related criteria that translate the customer's needs into a design layout.[170] The VA also has master specifications that are incorporated into all projects.[171]

The centralized approach adopted by the VA produces synergy in that the construction experience is housed at one place. The project team is cross-disciplined and can draw on the expertise

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168/ Interview with COE Mobile District.

169/ Interviews with VA; COE Mobile District.

170/ Interview with VA.

171/ Deviations are allowed only when a justification exists.

of others when the situation arises. This reduces planning-design and design-execution interface problems.

B. Need For Quality Design To Effect Quality Construction

Numerous persons interviewed for this report reiterated a basic principle - the need for quality specifications and drawings to embody project design. The point has been made that "specifications engineering is a professional area requiring highly trained specialists...."[172/]

One engineer notes that in the past, specifications seemed to have been written once; from then on every project produced by a single office appeared to be a collage, produced by skillful use of scissors and paste. He urges, among other things:

> Provisions for a regular feedback system from construction inspectors to assure that mistakes noted in the field will not be constantly repeated. This can be more effectively accomplished through the use of quality control personnel in the direct employ of the engineer, not the contractor.
>
> Inspector's qualifications should include a fundamental knowledge of specifications and construction contracts and, preferably, a total independence from pressures brought to bear by the management staff of the contractor's organization.
>
> Emphasis on the relationship between the specifications writers and the field construction forces of the engineer.
>
> All sections of the specifications, even where technical sections have been drafted by different design engineers, should be

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[172/] Fisk, Specifications -- Design Professionals' Forgotten Challenge, 102 Journ. of the Constr. Div. ASCE 303 (June 1976).

> edited by the specifications engineer to assure proper coordination and compatibility with the basic provisions of the construction contract and other technical sections.[173]

C. Design Phase

The design phase translates the user agency's project criteria into plans and specifications. This is done by an architect or engineer. Design is important for administering the execution phase of the project.

A construction contractor typically is required only to conform to the government furnished plans and specifications. Definitized plans and specifications reflecting the needs of the Owner produce a satisfactory end product.

Many construction project disputes arise between the Owner and Contractor. When a contractor successfully claims entitlement to additional compensation the Owner increasingly has looked to the A/E to pay for that compensation. Several agencies have recognized the need to enforce A/E contracts and hold the design firms liable for the increased costs occasioned by errors and omissions.[174]

> Another significant trouble area for GSA in the past has been change orders, especially design deficiency change orders. Both we [GAO] and GSA's internal auditors have reported that a high percentage of GSA's construction change orders has [sic] been

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[173] Fisk, Specifications -- Design Professionals' Forgotten Challenge, at 305.

[174] Schmauder, Liability of the Architect-Engineer for Construction Contracts, 16 Pub. Cont. L.J. 365 (1984).

> required because of design deficiencies. We [GAO] have also reported that GSA was not taking steps to recover increased costs from design firms when appropriate to do so. Both we and GSA's internal auditors believed that GSA's design review procedures and methods were inadequate or ineffective and contributed to the high percentage of design deficiency change orders on a project.[175]

Continuation of A/E liability for errors and omissions provides the type of negative (punishment) reinforcement that forces designers to produce complete plans and specifications of good quality.[176]

1. Design Considerations

Frequently, plans and specifications are prepared by an outside A/E and the agency design staff only reviews the work. The A/E must meet the needs of the user, including the budget and time constraints. Design difficulties arise when the project scope contains conflicting objectives. For example, the A/E may not be able to design the desired facility within the project budget. In these circumstances, the A/E must negotiate with the user to either project budget increases or eliminate certain project criteria.[177] These negotiations tend to be unpleasant and can be the beginning of an adversarial project atmosphere.

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[175] Study of GSA at 13.

[176] It should be noted that errors and omissions are broadly used to mean any problems with the plans and specifications and not merely inaccuracies giving rise to A/E negligence.

[177] Interviews with COE districts.

2. Techniques To Obtain Quality Plans And Specifications

a. Design Involvement In Project Scope Development

Incomplete plans and specifications often occur when an inadequate program budget exists. Thus, adequate program funding for the clearly specified project criteria and needs should improve project design.[178/]

Also, the government needs to clearly articulate the facilities objectives and other design criteria. Antiquated or ambiguous requirements frustrate the design process:

> GSA's design standards, criteria, and guide specifications, as well as those of other Federal agencies, do not always clearly communicate GSA's desires. These items have been criticized as containing conflicting guidance and outdated requirements and criteria and as being (1) too voluminous and repetitive, (2) too inflexible to be applied economically in all areas where Federal buildings are constructed, and (3) too difficult to read and interpret, primarily due to the many references to other standards, Federal and military specifications, and other Federal agency documents. This is a Government-wide problem, and not one peculiar to GSA. Clarity in design standards, criteria, and

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[178/] Speck, Assuring Government Contract Performance, 34 Geo. Wash. L. Rev. 666, 669 (1966) ("Limited funds and demands for economy always force the specification writer to state minimum needs and thereby lower requirements."). See also Interviews with COE Fort Worth District; COE Baltimore District; ASCE Study at 20 (estimating 1.5% of life cycle costs are dedicated to design).

> guide specifications is extremely important because the quality of design decision is directly proportional to the quality of design information given to the design firm.[179]

The VA, for example, attempts to resolve concerns about design criteria by establishing a master set of design criteria. The VA also insists that the A/E maintain an operational office in the state that is familiar with local standards.[180]

The design firm is beholden to the customer for future work. The A/E makes a best effort attempt to satisfy the conflicting objectives. When the conflicting objectives are unresolved, our interviews suggest that the plans and specifications are prone to have errors and omissions. This apparently results from attempts to meet inconsistent goals.[181]

The agency's design review staff, more sensitive to the plight of the A/E, needs to be involved in the project planning process to eliminate or reduce conflicting project objectives and provide specific criteria for the design firm.

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[179] Study of GSA at 7.

[180] Interview with VA.

[181] Interviews with COE Baltimore District; Fort Worth District. The COE Districts noted that in their respective experiences, the cause of several difficult projects could be traced to unrealistic criteria and cost goals for projects planned by customer agencies in which the COE District did not participate in the planning process.

b. Adequate Reviews

Adequate reviews by the agency's design review team of the plans and specifications will enable the agency (or the A/E) to identify and correct errors and omissions before the project is published for bidding.[182]

> Biddability, constructability, and operability must be emphasized through the planning and design process to insure efficient construction, to minimize cost and time growth, to avoid unnecessary changes and claims, as well as to insure safe efficient operations by the user. However, nothing in this concept should be interpreted as a substitute for complete design review for accuracy, adequacy and interdisciplinary coordination of design documents as required by ER 1110-345-100 and ER 1110-2-1200. The accomplishment of a quality design package requires the cooperation of design, construction and operations personnel each contributing their particular expertise toward a common goal. Through such a coordinated effort errors, conflicts and operational discrepancies can be minimized, and the most usable facility possible provided to the customer. These principles are applicable to both in-house and Architect/Engineer designs.[183]

Inadequate or hastily conducted design reviews are more likely to overlook errors and omissions and allow a project bid to be based on poor quality plans and specifications.[184] When this occurs, problems arise during the execution phase of the contract.

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[182] Interview with COE Fort Worth District.

[183] COE Eng. Regulation 415-1-11

[184] Interview with Fort Worth District. It should be noted that errors and omissions are broadly used to mean any problems with the plans and specification and not merely inaccuracies giving rise to A/E negligence.

> GSA's design review procedures have been inefficient and have allowed many design deficiencies to go undetected until after construction had started. Design reviews were often slow, delaying projects and increasing costs, and were sometimes delayed by design firms' submitting incomplete drawings for review.[185]

Time constraints during the review of plans and specifications are caused by several factors - of which certain are unavoidable. The unavoidable circumstances occur when the user decides to "fast-track" a project. The design firm may not have sufficient time to prepare definitized quality plans and specifications. The urgent need for the project justifies the compressed design phase but not poor design. Good design typically can be obtained by appropriate control and concurrent review processes.

The agency procuring this type of project is cognizant of the fact that the plans and specifications lack definitization. The type of contract becomes a factor and urgency often puts the bidders on notice that this project has special considerations.[186]

Compressed design reviews also arise when a project scope has conflicting objectives because design time is spent on resolving conflicts rather than on design itself. Due to the budget and the authorization cycles, the A/E may not be given a needed time extension forcing preparation of the detailed plans and specifications into an inadequate timeframe. Errors and omissions are a natural outcome of having to negotiate scope during the design phase.[187]

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[185] Study of GSA at 14.

[186] Interviews with COE Fort Worth District; COE Mobile District; COE Baltimore District.

The customer must be aware of the importance of devoting the full design phase period to the development and review of plans and specifications. Any distractions only contribute to the shortening of the design phase period and thereby increase the likelihood of poor plans and specifications.

c. Criteria Changes During Design Review Impact The Quality of the Plans and Specifications

Criteria changes during the ninety percent review frustrate the design process and lead to errors or omissions in the plans and specifications.[188] The criteria should be set at the thirty-five percent review. The COE, for example, seeks customer input at the thirty-five percent review to allow for final changes by the user:

> Review of design at this intermediate stage will allow final input and/or criteria changes by the customer/user. A joint conference consisting of customer/user, AE

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[187] *Id.*

[188] The design review process consists of a thirty-five percent review, ninety percent review and then review of final plans and specifications. The thirty-five percent review involves concept design. The ninety percent review involves detailed plans and specifications and typically includes the constructability review. The final review concludes the constructability review and also includes the bidability review.

> and Corps should resolve any differences at this stage. Once this review is complete the customer/user will provide written approval of design direction and acknowledgment that there will be no change in criteria beyond this point. Copies of final design plans and specifications will be furnished customer/user at the time of advertisement. At this time minor changes may be considered on a case by case basis.[189]

Demands for changes late in the process translate into disproportionate resources being expended on these changes that would otherwise be expended on finalizing the plans and specifications to meet the original criteria.[190]

Changes during the late stages often occur because the customer's decisionmakers are not involved in the thirty-five percent concept review or individuals approving the concept review are subsequently transferred. A new commander or base engineer too often insists on design changes late in the review process. The impact of such requests compresses the design review process.

Personnel should be dissuaded from insisting on changes to the project criteria at a late review stage. Only under extreme circumstance should changes be allowed at the ninety percent review stage and the commander if possible should furnish the

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[189] Customer/User Interface Letter.

[190] Interview with COE Fort Worth District.

A/E a time extension.[191] When a time extension is not feasible the changes insisted upon increase the likelihood that the final plans and specifications will contain errors.

Another method of avoiding late criteria changes is to phase the design. The GSA implements this approach:

> PBS officials told us that in an effort to minimize the problems created by agencies changing their planned use of space, PBS [Public Buildings Service] has modified its construction contracting practices. About 2 years ago, PBS started postponing the contracting of the interior partition construction until late in the project. Under phased construction, this has always been one of the last contracts awarded. This practice reduces the elapsed time between when floor plans are submitted and when the agency occupies the space, hopefully minimizing the need to change the planned arrangements. They also told us that other practices, such as sign-off procedures, have been instituted to ensure agency participation in the design process.[192]

Accordingly, the timing of the changes, the number of changes and the magnitude (impact on project criteria and scope) affect the quality (and definitization) of the plans and specifications. Poor quality, plans and specifications lead to project execution difficulties.

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[191] An example of an extreme circumstance warranting cardinal changes would be design changes to a hospital to accommodate new technology. Interview with VA.

[192] Study of GSA at 9.

D. Execution

The execution phase, which claims a disproportionate amount of attention, is the actual building of the project by the contractor. This phase involves two actors who play critical roles in completing a project successfully: (1) the contractor superintendent and; (2) the government construction manager.[193] Even when quality plans and specifications exist difficulties that arise between these individuals can cause execution phase problems.

Throughout the interviews for this Report each agency recognized that "quality people" produce quality construction.[194] The importance of the contractor and government site personnel cannot be over emphasized. "Quality people" involve both personalities and abilities. The on-site project staff should share the commitment toward obtaining compliance with plans and specifications on time and within budget. Generally, industry representatives agree with this statement. However, on specific projects, the on-site staff of the Owner and contractor disagree. These disputes involve contract requirements and scheduling delays. When the on-site staff are willing to move the project toward completion less adversarial relationships develop. This is what the interviewees believed were important in achieving a "quality" project.

193/ The successful completion of a project is defined as producing the contract requirements on time and within budget.

194/ Interviews with COE Mobile District; COE Fort Worth District; COE Baltimore District.

Obtaining quality execution begins and ends with the respective project staffs.

1. Roles

The contractor superintendent and government construction manager have different responsibilities, and at first glance, appear to have different objectives. However, their goals are not necessarily mutually exclusive. Each should understand the goals and pressures of the other in order to avoid an adversarial relationship.[195]

The construction contractor wants a satisfied customer and repeat business. Even in sealed bid procurement, contractors seek to establish a reputation for quality work to buttress their resumes and list the government as a reference. Also, government work is an excellent way for a contractor to expand into new markets. Particularly, in IFB procurement, a contractor can establish a new operations base in an area by gaining a reputation for quality work on government projects. Local private businesses are more likely to employ the contractor because of this well-earned reputation. Poor performance on one or more government projects, however, can create issues regarding contractor responsibility. Based on these considerations, the contractor has an incentive to satisfy the customer.[196]

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[195] Interview with COE Mobile District.

Generally, the contractor wants to construct the project while maintaining a safe jobsite, make a reasonable profit and move onto the next project. Implicit in achieving these goals is proper scheduling, compliance with all applicable laws and rework avoidance. The contractor wants to avoid change orders, delays and other contract administration difficulties.[197] Proper planning by the contractor is evidenced by the cost estimate and schedule.

As a rule the contractor desires the avoidance of litigation and prefers to construct the project according to plans and specifications. Further, a contractor has (or should have) pride in workmanship.

Principally, the government seeks conformance with the plans and specifications and performance which is timely and within budget. A government office is not interested in having a single project engulf its limited resources by excessive contract administration. The government seeks to avoid disputes, rework, and having to take administrative action against a recalcitrant contractor. The government also wants a safe worksite and compliance with applicable federal, state and local laws.[198]

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[196] COE Mobile District, Partnership In The Corps of Engineers Construction Community (hereinafter "COE Partnering").

[197] Interview with VA.

[198] COE Partnering

A comparison of these objectives reveals that there is little difference between contractor and government objectives.[199] Although a contractor seeks to maximize profit, this is most likely to occur when a project is completed without protracted delays that increase time, labor, materials and overhead. Rework therefore is an event to be avoided. Similarly, disputes only increase the resources committed to contract administration.

2. Techniques To Achieve Quality Execution

There are a various reasons why the contract execution phase has difficulties, some relating to inadequate performance by the execution phase actors while others were created long before the execution phase commenced. The salient problems include (a) lack of definitized quality plans and specifications, (b) quality personnel,[200] (c) breakdowns in communications between the players, and (d) inadequate quality control resources.

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[199] Id.

[200] Interviews with COE Mobile District; Naval Facilities Engineering Command.

a. Quality Plans and Specifications

Quality plans and specifications are an essential ingredient of every successful construction project.[201] Virtually, each agency interviewed emphasized the importance of quality plans and specifications. The best construction contractor (whether representing the government or the contractor) will encounter difficulties when the plans and specifications are riddled with errors and omissions. Achieving conformance with the plans and specifications is difficult when inherent inconsistencies, ambiguities, and omissions exist throughout the documents.

Conversely, when definitized quality plans and specifications are available, a contractor should not have any difficulty constructing a project. Quality execution, then, begins with the plans and specifications which can make contract administration less onerous (i.e., fewer change orders, disputes and time extensions).

b. Preaward Surveys

The Corps of Engineers implements a preaward survey to avoid the award of contracts to contractors who in the past were unable to satisfactorily complete government work. The preaward survey is a comprehensive evaluation of the low bidder's ability to perform the contract.[202] Through this effort, the COE avoids dealing with non-responsible contractors.

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[201] Speck, supra, 34 Geo. Wash. L. Rev. at 667; "[t]he first weapon available to the contracting officer for assuring performance is an adequate set of contract plans and specifications fully describing the Government's requirements." See Interviews with COE Headquarters, COE Mobile District, COE Fort Worth District, COE Baltimore District.

Preaward surveys are high litigation risks when a decision is made to award the contract to other than the low, responsive, responsible bidder. The COE emphasizes the need for impeccable documentation in order to sustain the award.

The COE computerizes basic information about contractors who have performed other COE contracts. This includes performance ratings (satisfactory/unsatisfactory) on timeliness, project management, safety, labor and quality. Before a new award is made to contractors who have experienced difficulties on a project, such contractors have to explain corrective action taken and the circumstances giving rise to the unsatisfactory job rating (e.g., overall project management unsatisfactory rating may be explained by the fact that the personnel responsible for the problematic project will not work on the new contract).[203]

c. Value Engineering

Value engineering (VE) is often an overlooked means to achieve quality construction through a cost effective and efficient end product.

VE is a positive inducement to promote both design and contractor efficiency.

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[202] Interview with COE Headquarters.

[203] Interview with COE Headquarters.

> We [Comptroller General's Office] support the use of value engineering in planning, designing, and constructing federal and federally financed facilities. Our long-standing position has been that it is a proven cost-saving technique when properly applied throughout the design and construction processes. However, we believe that its use should proceed rather carefully. The concept must be understood and applied properly to be effective. Top and middle management understanding and full support are essential for success.[204/]

The Comptroller General concluded that the VE program achieves maximum results when implemented during design review:

> In construction, value engineering can be applied during any phase of a project--planning, design, or construction. According to the Society of American Value Engineers, the optimum time to use the concept to achieve the greatest benefits is during the early design stage because it is at this point that architects'/engineers' decisions have the greatest impact on total cost. Performing value engineering early in the design phase has other advantages: the prospects for implementing changes are greater, and the possible negative effects on project costs and construction schedules are less. . . . [T]he potential impact of value engineering is greater during the early stages of a project.[205/]
>
> The benefits of a VE program include:
>
> -- Early application will save design time by clarifying scope, reducing false starts, and helping to prevent budget and time overruns from redesign.
>
> -- It helps ensure that simplified and/or standardized alternatives are considered to reduce costs through analysis of redundant and unnecessary functions.

[204/] Id.

[205/] Id.

- -- Using personnel other than the original designers helps to uncover potential design deficiencies or alternative approaches in time to consider and/or correct them during the design process and before construction begins where they would result in costly change orders.
- -- Problems with performance, reliability, unforeseen conditions, or quality can be assigned to the value engineering team for study and improved solutions.
- -- Cost control, life cycle economic analysis, energy conservation, and environmental and technical risk studies can all be enhanced by combining these with value engineering studies. The value engineering effort can provide a comprehensive umbrella to optimize all inputs.[206]

A VE program promotes design ingenuity that yields government cost savings. The incentive to the contractor is a share of the cost savings.[207] Allowing the contractor to profit by aggressively reviewing the design should reduce conflicts about plans and specifications. The contractor benefits by identifying appreciable cost savings over the current design.

d. Quality Control: QA/QC

The concept of quality control as applied in construction comes from the manufacturing industries and, as a distinct discipline in construction, has had its growth in the nuclear power field and in Corps of Engineers contracts.

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[206] Id.

[207] Interview with GSA.

Definitions of quality assurance and quality control vary considerably.[208] Quality control (QC) is usually described as directed to checking conformance with specification requirements, a task frequently allocated to the contractor (CQC). Quality assurance (QA), the broader term, is concerned with orienting the overall program for providing confidence to the owner or customer that the finished structure or product will perform satisfactorily.

A basic issue in the dialogue in this new discipline is whether QA/QC should or can be conducted, to be effective, by the owner or by the contractor or by an independent entity.[209]

Like the concept of "the construction manager," the origin of which as a distinct entity is attributed to various causes (fast-tracking, multiple primes, etc.), the concept of "quality control" is not new. In its new formalized structure, it also arises from various challenges and developments: *e.g.*, budget constraints or government inspection forces, leading to transfer of quality control to contractors; a recognition that an up-front program can preclude the delay and cost of corrective rework later; a concern with poor specifications.[210]

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[208] A diverse compilation is included in the Federal Construction Council Technical Report No. 84, *Quality Control on Federal Construction Projects* at 5-9 (1987). The Business Roundtable team which investigated quality assurance in 1983 was "disturbed" by the lack of consensus and produced its own broad definitions: Quality Assurance is a planned and systematic pattern of all actions necessary to provide adequate confidence that a product will conform to established requirements. Quality Control implements the quality plan by actions necessary for conformance to established requirements. *Id.*, at 5.

[209] O'Brien, J.J., *Quality Control: A Neglected Factor*, 55 Civil Engineering 48 (Feb. 1985); Fairweather, V., *The Pursuit of Quality: QA/QC*, 55 Civil Engineering 62 (Feb. 1985); ASCE Manual, *Quality in the Constructed Project*, 62 (Prelim. ed. 1988).

E. Results of Survey of Nominees of DOD Design Awards Program

To elicit opinions from field personnel on factors contributing to quality in construction, a survey was conducted among the 1988 nominees of the DOD Design Awards Program, an annual event to recognize quality in completed military construction projects. Questionnaires were sent to representatives of the Army, Navy, and Air Force.

In response to the question, "how would you define a 'quality construction project'?" the definition most representative of the responses was:

> A quality construction product satisfies the functional requirements of the user based on a set of plans and specifications which establish quality standards consistent with the end use of the product.[211]

Each recipient was also asked to rank, by order of importance, the following factors contributing to a "quality" product:

- customer criteria are clear and complete from the outset and remain unchanged
- design accurately specified in plans and specifications

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[210] *Id.*

[211] R.J. Degon, Commander, CEC, U.S. Navy.

- type of contract
- contract performance management by contractor
- relation between construction contractor and construction agency
- relation between construction agency and client

The results of the relative weights and rank order (No. 1 being the most important) are shown in Table A-1. The weighing for each category of responses is shown with the position ranking for each category.

TABLE A-1

Customer Criteria	Design	Type of Contract	Contractor's Contract Performance Management	Relationship Between Contractor And Agency	Relationship Between Agency And Client
[5, 1, 1, 2, 2, 2, 2, 5, 2, 1, 1]	[1, 2, 2, 1, 1, 1, 3, 4, 1,2, 3]	[6, 6, 6, 5, 6, 5 6, 6, 7, 6, 6]	[2, 4, 4, 4, 5, 4 4, 1, 3, 3, 4]	[3, 3, 3, 3, 4, 3 5, 2, 5, 4, 5]	[4, 5, 5, 6, 3, 6 1, 3, 6, 5, 2]
mean 2.1	mean 1.9	mean 5.6	mean 3.5	mean 3.6	mean 4.2

As evident from the table, the dominant factor in achieving quality is a complete and accurate design specified in the plans and specifications. The next important factor is customer criteria; which must be clear and complete from contract beginning through completion.

The third most important factor for achieving quality construction is the contractor's management of the project. The interaction and communication between the contractor and the construction agency is deemed the fourth vital component; followed by the relationship between the agency and the client/owner.

The factor that the respondents determined contributed least to a quality project was the type of contract. Whether the contract was firm-fixed-price, cost reimbursement with incentives, or a combination of the two, type of contract was not considered a key component for purposes of contributing to a quality construction project.

CONCLUSIONS

1. The notion that quality in federal construction is more attainable by negotiation than by formal advertising is not supportable in fact.

2. A quality construction product is one in conformance to a design which fulfills the user's needs. It is brought about by an excellent design, embodied in detailed drawings and specifications, prepared and reviewed in light of its constructability and biddability, combined with full field implementation.

3. The awarding of negotiated contracts in federal construction is necessarily more subjective and judgmental than the awarding of sealed bid contracts and thus susceptible to perceived favoritism, actual favoritism, "steering," kickbacks and other abuses.

4. The firm-fixed-price type of contract is more suitable for use in federal construction procurement than the so-called innovative contracts. The inclusion in federal construction contract documents of certain positive incentives (such as award fees and bonuses) as contrasted with negative incentives (such as liquidated damages) is only marginally related to quality.

5. The level of quality having been established by the quality of the design and the assurance of its implementation,

objective price competition through a system open to all qualified bidders is in the public interest.

6. The profit motive, given expression through a fixed-price contract, which places risk on the contractor, is the best incentive for the federal construction contractor to innovate as to method and to manage with efficient use of labor and equipment. Cost-reimbursement type contracts generally reduce that incentive since the element of risk shifts from the contractor to the government. Award fees and other incentives would not offset the adverse impact that results when risks shift from contractor to government.

7. Comparisons with construction for private industry are of limited appropriateness since other private sector factors (such as market demand changes and financing) impact the procurement of private construction. Private industry is not restricted by the rigidity of the many federal statutes and regulations which must be adhered to and which limit the flexibility of the public official.

8. Established public policy and elementary fairness and the fostering of competition require that the opportunity to perform public work be available equally to all qualified contractors. Improved teamwork and communication techniques, such as "partnering," will facilitate jobsite cooperation, early defusing of disputes, and avoidance of an adversarial atmosphere; they are desirable but secondary aspects of a quality construction process.

9. Accordingly to federal agencies interviewed, well over ninety percent of construction contracts are awarded by government agencies (except for the Postal Service) using the invitation for bid open competitive system. Less than ten percent of the contracts are awarded by negotiation. However, especially with respect to the Department of Defense, as federal statistics from the Data Center demonstrate, a high percentage (well over ten percent) of the number of construction contracts are awarded by negotiation, and well over fifty percent of the dollars involved are currently awarded by this method. The dollar volume of negotiated federal construction contracts is of such magnitude that it appears to be contrary to Federal Procurement Policy, including CICA. Therefore, it should be reviewed.

Another factor in achieving quality in construction is timely assistance to the user in developing the criteria and proposed scope. Agencies such as the Army Corps of Engineers and the Naval Facilities Engineering Command also act as design and construction agent for the Air Force and other customers within their respective departments. The using services should be directed to engage the support and assistance of the construction agents in the initial development of the criteria and project scope in order to assure realistic cost estimating and project scheduling.

RECOMMENDATIONS

It is the recommendations of the authors of this Report that:

1. Congress and the procurement agencies recognize that the Competition in Contracting Act was oriented toward hardware and technology procurement and not construction.

2. There be included in a Congressional authorization or appropriation bill a provision clarifying the preference for sealed bid procurement in federal construction as the obvious way to achieve the CICA goal of "full and open" competition.

3. With or without legislation, the FAR Council be directed to restate and clarify the Federal Acquisition Regulation (FAR) to:

   - affirm the preference in federal construction for sealed bidding;
   - clearly delineate the exceptional circumstances when negotiated construction procurements may be appropriate; and
   - clearly set forth the procedural safeguards procurement agencies are to follow before a negotiated construction procurement is allowed to proceed.

4. For those exceptional situations which may be occasion for negotiated federal construction procurement, a process for review of a Contracting Officer's recommendation for a negotiated construction procurement should be established by all federal

agencies. This review process should require the approval of the Head of the Agency involved for any negotiated construction procurement to proceed.

5. The annual Competition Advocate Report, which CICA now mandates be sent to the Congress by the procurement agencies, should include a breakout for construction contracts between negotiated and sealed bid actions.

APPENDIX A - CONTRACT TYPES

Various types of fixed price contracts as well as cost reimbursement contracts are described in detail below. Also, design-build, turnkey, and short form RFP types of contracting are delineated in detail in this Appendix.

1. Fixed-Price With Economic Price Adjustment (FPEPA) Contracts

Fixed-price with economic price adjustment (FAR 16.203) provides for the upward or downward adjustment of the fixed contract price when certain identified economic conditions change during contract performance. FAR 16.203-2 provides the following guidance on the use of FPEPA:

> A fixed-price contract with economic price adjustment may be used when (i) there is serious doubt concerning the stability of market or labor conditions that will exist during an extended period of contract performance, and (ii) contingencies that would otherwise be included in the contract price can be identified and covered separately in the contract. Price adjustments based on established prices should normally be restricted to industry-wide contingencies. Price adjustments based on labor and material costs should be limited to contingencies beyond the contractor's control. For use of economic price adjustment in sealed bid contracts, see 14.407-4.[212]

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[212] Under FAR 14.407-4, either a bidder or the Government may propose an economic price adjustment. When a contractor proposes such an adjustment, a ceiling price must be included for the bid to be response. The contractor's bid is then "evaluated on the basis of the maximum possible economic price adjustment of the quoted base price." FAR 14.407-4.

(continued...)

> (a) In establishing the base level from which adjustment will be made, the contracting officer shall ensure that contingency allowances are not duplicated by inclusion in both the base price and the adjustment requested by the contractor under economic price adjustment clause.
>
> (b) In contracts that do not require submission of cost or pricing data, the contracting officer shall obtain adequate information to establish the base level from which adjustment will be made and may require verification of data submitted.

Contracting Officers generally use FPEPA contracts when materials or labor prices are subject to wide fluctuations. This clause is used in an attempt to encourage more companies to participate in a procurement where there is the possibility of substantial economic price fluctuations during performance of the contract. Such encouragement derives from the Government's assumption of some of the contractor's risk normally associated with contract performance. Pre-determined formulas or price ceilings,[213] generally calculated from acknowledged cost indexes or fluctuations in recognized material or labor prices, apportion risk to the Government.

212/ (...continued)

When an IFB contains an economic price adjustment clause, bids are evaluated on the basis of the quoted price without consideration of economic price adjustment.

[213] When contractors are selected through negotiated procedures (RFPs), the three FAR clauses at 16.203-1 all contain a ceiling of 10% of the total contract price; but, attached to each clause is the stipulation that this ceiling may be increased with the approval of the "chief of the contracting office." FAR 16.203-4, 52.216-2 to -4.

FPEPA contracts provide significant discretion to the Contracting Officer. The FAR sets forth three types of economic price adjustments (FAR 15.203-1)[214] and four standard clauses. (FAR 16.203-4).[215] The FAR also allows the use of "agency prescribed" economic price adjustment clauses. This provides great latitude to contracting officials responsible for drafting particular clauses to meet specific situations. The only principal restriction is that the basis for measuring the price fluctuation can not be under the control of the contractor. The Contracting Officer, therefore, is given discretion to determine when potential competition is such that FPEPA contracts are appropriate. Challenges to a Contracting Officer's decision concerning FPEPA contracting invariably fail. *E.g.*, *Tri-Wall Containers*, Comp. Gen. B-200702, 81-1 C.P.D. 277 (1981) (omission of FPEPA clauses upheld because there was a stable market price for 8 months even though pricing of prior year was volatile).

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[214] The three types of economic price adjustment provisions mentioned in FAR 16.203-1 use different basis for adjustment including:

(1) established catalog or market price;
(2) actual costs of the contractor; and
(3) national indices.

[215] Adjustments for each of the four clauses are based on:

a. Established prices - standard supplies
b. Established prices - semi-standard supplies
c. Actual cost of labor or material
d. Cost indexes of labor or material.

FAR 16.203-4.

2. Fixed-Price Incentive Contracts (FPIC)

The fixed-price incentive contract is available when other types of fixed-price contracts are inappropriate. The FPIC provides a means by which the Government can impose some risk on the contractor without causing the contractor to assume the complete pricing risk.

The FPIC is described in FAR 16.403 as:

> [A] fixed-price contract that provides for adjusting profit and establishing the final contract price by application of a formula based on the relationship of total final negotiated cost to total target cost. The final price is subject to a price ceiling, negotiated at the outset. The two forms of fixed-price incentive contracts, firm target and successive targets, are further described in 16.403-1 and 16.403.2....

In FPICs, the Government and contractor negotiate target costs, target profit, and a price ceiling which are specified in the agreement. The contracting parties also agree to a formula that is used to adjust the contractor's profit. The Government either increases or decreases the contractor's profit based application of the pre-determined formula to the difference between target cost and final actual cost.

Other objective incentives such as performance and delivery date incentives may be used to give additional profit for improved performance and reduced profit for inferior performance. When performance and delivery incentives are used in conjunction with FPICs, any increased costs incurred to improve performance are chargeable to the contract and subject to sharing. FAR further requires the Government to make a formal report in which it fully documents the reasons that an incentive must be used.

3. Fixed-Price Award Fee (FPAF) Contracts

The FAR does not address the FPAF as a specific type of contract, but other general language in FAR 16.102(b) appears to sanction the use of FPAF contracts by allowing a combination of contract types to promote the Government's interest. The FPAF type of contract combines a fixed-price characteristic with a contractor award fee (which is addressed in FAR 16.305 under cost plus award fee contracts).

FPAF contracts are used to enhance contractor performance in terms of "quality, timeliness, technical ingenuity and cost effectiveness"[216] while avoiding all the risks associated with performance costs being placed on the Government. A FPAF contract requires significant time and effort to award and an Award Fee Board typically must administer it. Although FPAF contracts are permissible, they are partly subjective by nature and their use has been minimal, especially in the construction field.

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[216] FAR 16.404-2(a).

4. Fixed-Price Level-of-Effort Contracts (FPLEC)

Fixed-price level-of-effort contracts are described in FAR 16.207-1 as follows:

> A firm-fixed-price, level-of-effort term contract requires (a) the contractor to provide a specified level of effort, over a stated period of time, on work that can be stated only in general terms and (b) the Government to pay the contractor a fixed dollar amount.

FAR 16.207-2 discusses the application of FPLEC and provides:

> A firm fixed-price, level-of-effort term contract is suitable for investigation or study in a specific research and development area. The product of the contract is usually a report showing the results achieved through application of the required level of effort. However, payment is based on the effort expended rather than on the results achieved.

Under this type of contract, therefore, the contractor is compensated provided the requisite labor hours are expended whether or not the anticipated project is completed. In effect, this completely removes the risk of completing the assigned project from the contractor. Only when the contractor fails to expend the level and amount of effort required under the contract can the Government reduce the contractor's payment. As a result, this type of contract is used infrequently[217] in general and almost never used in federal construction contracting.

5. Cost-Plus-Fixed-Fee (CPFF) Contracts

The cost-plus-fixed-fee contract is described in FAR 16.306(a) as follows:

> A cost-plus-fixed-fee contract is a cost-reimbursement contract that provides for payment to the contractor of a negotiated fee that is fixed at the inception of the contract. The fixed fee does not vary with actual cost, but may be adjusted as a result of changes in the work to be performed under the contract. This contract type permits contracting for efforts that might otherwise present too great a risk to contractors, but it provides the contractor only a minimum incentive to control costs.

Under CPFF contracting, the parties negotiate an estimated performance cost which the Government agrees to pay to the contractor for allowable or allocable costs incurred in performance of the contract. The contractor's profit is a negotiated fixed fee, pre-established based on a percentage of the estimated contract cost. In no instance can the contractor's fee exceed 10 percent of the contract's estimated cost, excluding fee.[218]

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[217] FAR 16.207-3 places specific limits of the use of this type of contract such that it may only be used when:

(a) The work required cannot otherwise be clearly defined;
(b) The required level of effort is identified and agreed upon in advance;
(c) There is reasonable assurance that the intended result cannot be achieved by expending less than the stipulated effort; and
(d) The contract price is $100,000 or less, unless approved by the chief of the contracting office.

CPFF contracts are useful primarily in research and development projects where performance objectives are uncertain and, the requisite level of effort is unknown. FAR 16.306(b). The Government, however, incurs the risk of the incurrence of additional performance costs and the contractor lacks incentive to control costs in CPFF contract. Consequently, for United States military construction projects more than $25,000, the Assistant Secretary of Defense (Production and Logistics) must approve use of CPFF (FAR 36.272.).

6. Cost-Plus-Incentive-Fee (CPIF) Contracts

Cost-plus-incentive-fee contracts are described in FAR 16.404-1(a) as follows:

> The cost-plus-incentive-fee contract is a cost-reimbursement contract that provides for the initially negotiated fee to be adjusted later by a formula based on the relationship of total allowable costs to total target costs. This contract type specifies a target cost, a target fee, minimum and maximum fees, and a fee adjustment formula. After contract performance, the fee payable to the contractor is determined in accordance with the formula. The formula provides, within limits, for increases in fee above target fee when total allowable costs are less than target costs, and decreases in fee below target fee when total allowable costs exceed target costs. This increase or decrease is intended to provide an incentive for the

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[218] FAR 16.306(c)(1), 15.903(d)(iii).

> contractor to manage the contract effectively. When total allowable cost is greater than or less than the range of costs within which the fee-adjustment formula operates, the contractor is paid total allowable costs, plus the minimum or maximum fee.

CPIF contracts, while similar to FPICs, involve minimum and maximum fees instead of price ceilings. The contractor's profit is adjusted by a pre-determined formula based on whether the actual total allowable costs are less than the target costs. When actual costs exceed target costs, the contractor's fee is decreased; the contractor's fee is increased when total costs are less than the target costs. Performance and delivery date incentives may also be used with CPIF contracts in an attempt to achieve specific time or high quality objectives of the Government.

CPIF contracts are most effective when the parties have enough information to establish a reasonably accurate target cost but the information is insufficient to use a fixed-priced contract. Primarily, this form of contract is appropriate for development and test programs. FAR 16.404-1(b)(1). In the construction industry, the availability of sufficient information generally precludes use of CPIF and permits reliance on fixed-price contracts.

7. Cost-Plus-Award-Fee (CPAF) Contracts

The cost-plus-award-fee type of contract provides that the Government will pay the allowable performance costs, while the contractor's fee will be determined by a high ranking official in the procuring agency. The contractor's fee consists of two parts: (1) a predetermined fee; and (2) an additional fee that is awarded by the Government in accordance with specified criteria. The factors that influence this additional fee are typically pre-determined, but the award official retains significant discretion in evaluating contractor performance and calculating the contractor's fee.[219/] FAR 16.404-2(a) describes CPAF contracts as follows:

> A cost-plus-award-fee contract is a cost-reimbursement contract that provides for a fee consisting of (1) a base amount fixed at inception of the contract and (2) an award amount that the contractor may earn in whole or in part during performance and that is sufficient to provide motivation for excellence in such areas as quality, timeliness, technical ingenuity, and cost-effectiveness management. The amount of the award fee to be paid is determined by the Government's judgmental evaluation of the Contractor's performance in terms of the criteria stated in the contract. This determination is made unilaterally by the Government and is not subject to the Dispute clause.

Although the FAR sanctions CPAF contracts, their use has been limited to situations where it is not feasible to write a

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[219/] Report to the Congress, Study of Professional Services Contracting, Office of Federal Procurement Policy at 18 (January 1985).

contract specification that precisely describes the work the contractor is expected to perform. In the construction industry, this infrequently occurs and CPAF contracts are avoided because this type of contract involves subjective incentives. Additionally, the Government encounters a significant administrative burden with CPAF contracts because it often must establish a separate independent review board to calculate the appropriate fee. Consequently, the administrative burden on government personnel tends to discourage this type of contract.

8. Cost-Reimbursement Level-of-Effort Contracts (CRLEC)

Cost-reimbursement level-of-effort contracts describe work to be performed in terms of the contractor's level of effort, which FAR 16.306(d) discusses as follows:

> (2) The term form [of the cost-plus-fixed-fee contract] describes the scope of work in general terms and obligates the contractor to devote a specified level of effort for a stated time period. Under this form, if the performance is considered satisfactory by the Government, the fixed fee is payable at the expiration of the agreed-upon period, upon contractor certification that the level of effort specified in the contract has been expended in performing the contract work. Renewal for further periods of performance is a new acquisition that involves new cost and fee arrangements.
>
> * * * *
>
> (4) The term form shall not be used unless the contractor is obligated by the contract to provided a specific level of effort within a definite time period.

The policy behind CRLECs is that the Government must state in detail its desired effort level and still leave the contractor enough flexibility to adjust to new circumstances. The level of effort can be expressed as man-hours, man-months, and in terms of categories of personnel. The Government can also use the level of effort description to control the contractor's entitlement to both incurred costs and negotiated fees.

Yet, similar to other cost based contracts, the administrative burden for the Government in administering this type of contract is high and CRLECs remove almost all the risk from the contractor. Consequently this type of contract is used infrequently and in the construction industry CRLECs are difficult if not impossible to justify.

9. Design/Build Contracts

a. Two-Step Sealed Bidding

FAR 14.501 describes two-step sealed bidding as a combination of competitive procedures that obtain the benefits of sealed bidding when adequate specifications are unavailable. Although two-step sealed bidding is not a particular type of contract, it is worthy of discussion to contrast it with one-step design/build contracts.

The first step in the two-step sealed bidding process involves the Government's request for submission of technical proposals absent pricing factors. Once submitted, the Government evaluates each proposal and when necessary conducts negotiations to determine each proposal's acceptability.

Step two of this procurement procedure involves the Government's invitation for bids (IFB) and the submission of sealed bids by those contractors that submitted acceptable proposals under step one. The Government evaluates these bids and awards the contract to the lowest responsive and responsible bidder.

FAR 14.502 prescribes use of this method to the following situations:

> (1) Available specifications or purchase descriptions are not definite or complete or may be too restrictive without technical evaluation, and any necessary discussion, of the technical aspects of the requirement to ensure mutual understanding between each source and the Government.
>
> (2) Definite criteria exist for evaluating technical proposals.
>
> (3) More than one technically qualified source is expected to be available.
>
> (4) Sufficient time will be available for use of the two-step method.
>
> (5) A firm-fixed price contract or a fixed-price contract with economic price adjustment will be used.

Two-step sealed bidding equitably allocates the risk between the parties when the Government lacks definitive specifications but has available criteria to evaluate technical proposals. Although this procurement process uses a fixed-price contract, it is more time-consuming, places a greater administrative burden on the Government (i.e., a separate technical evaluation team), and has the overall effect of reducing competition.[220] As a result, the FAR appropriately limits the use of two-step sealed bidding.

b. Turnkey Contracts

Turnkey or one-step design build contracts, which are permitted in federal construction for the military, are defined in 10 U.S.C. 2862 as:

> Procedures used for the selection of a contractor on the basis of price and other evaluation criteria to perform, in accordance with the provisions of a firm fixed-price contract, both the design and construction of a facility using performance specifications supplied by the Secretary concerned.

In short, one-step design build contracts permit "simultaneous project design and construction."[221] The Government issues requests for proposals (RFP) with performance specifications and evaluates each contractor proposal based on price and other subjective factors (*i.e.*, past performance, organization strength, management capability, financial capability, construction experience and management personnel). The Government then awards a single fixed-price contract for both the design and construction of the project to one contractor.

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[220] Even the two-step sealed bidding process, in which a contractor is awarded both the design and construction responsibilities for a project, inherently conflicts with FAR 36.209 which states:

> No contract for the construction of a project shall be awarded to the firm that designed the project or its subsidiaries or affiliates, except with the approval of the head of the agency or authorized representative.

[221] *Handout On Innovation*, U.S. Army Corps of Engineers, Omaha District, Nebraska.

The Secretary of each military department may only use turnkey contracting for three military construction projects each fiscal year and must have the approval of the Secretary of Defense for each project. FAR 36.209; 10 U.S.C. 2862(a)(1), (c).

10. Short-Form RFP

The short-form RFP (SFRFP) is a method of contractor selection that combines elements of both the sealed bid - invitation for bids (IFB) - and the competitive negotiation - request for proposals (RFP). The SFRFP is an instrument that attempts to solicit proposals from experienced contractors while avoiding the administrative burdens of the longer form RFP.[222]

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[222] These administrative burdens include significantly more manpower and time to review and evaluate proposals for purposes of making an award. In addition, contracting officers generally must make written determinations justifying why sealed bidding was not selected.

APPENDIX B

**The Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: Northeast Construction Company

File: B-234323; B-234406

Date: April 24, 1989

DIGEST

Where all elements enumerated in the Competition in Contracting Act, 10 U.S.C. § 2304(a)(2) (Supp. IV 1986), for the use of sealed bidding procedures are present, agencies are required to use those procedures and do not have discretion to employ negotiated procedures.

DECISION

Northeast Construction Company protests the Department of the Air Force's use of competitive negotiation rather than sealed bidding procedures to procure repair and construction work under request for proposals (RFP) Nos. F04626-89-R-0003 (RFP -0003) and F07603-89-R-8202 (RFP -8202). Northeast argues that the Air Force is required to employ sealed bidding procedures for these acquisitions.1/

We sustain the protests.

Both RFPs contemplate the award of firm-fixed-price contracts for the performance of various repair and improvement construction to military family housing units. Principal items of work include replacing roofs and windows, and painting of new and existing areas. RFP -0003 is for the performance of the work at Travis Air Force Base, and RFP -8202 is for performance at Dover Air Force Base. The latter RFP provides for various additive items in addition to a stated basic requirement, and both RFPs contain stated "per unit" cost limitations. Additionally, both RFPs provide for contract award on the basis of "price only," and

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1/ Northeast has been joined in this protest by eight other potential offerors as interested parties who also urge the use of sealed bidding procedures here.

neither RFP requires the submission of technical proposals. These protests were filed prior to the closing dates for receipt of initial proposals; the closing dates for both RFPs have been extended indefinitely.

Northeast argues that both RFPs violate the provision of the Competition in Contracting Act (CICA), 10 U.S.C. § 2304(a)(2) (Supp. IV 1986), which provides that, in determining which competitive procedure is appropriate to a given circumstance, an agency:

> "shall solicit sealed bids if--
>
> (i) time permits the solicitation, submission, and evaluation of sealed bids;
>
> (ii) the award will be made on the basis of price and other price-related factors;
>
> (iii) it is not necessary to conduct discussions with the responding sources about their bids; and
>
> (iv) there is a reasonable expectation of receiving more than one sealed bid . . . ."

According to Northeast, all of the enumerated criteria for the use of sealed bids are met by the acquisitions in question and, consequently, the Air Force is required to use sealed bidding procedures.

The Air Force responds that it is justified in using negotiated procurement procedures because it expects there to be a need for discussions. Specifically, the Air Force argues that, because of the "complexity" of the projects, it concluded that negotiations might be required. With respect to RFP -0003, the Air Force argues that cost limitations associated with the project might require discussions should any or all of the offerors exceed the cost limitations. In short, the Air Force argues that it employed negotiation procedures in order to avoid solicitation cancellations in the event of pricing in excess of the cost limitations as well as to ensure through discussions that the offering firms fully understand the nature and complexity of the required services.

Our Office has previously held that the use of sealed bidding procedures is required where the conditions specified in CICA, 10 U.S.C. § 2304(a)(2), are present.

See ARO Corp., B-227055, Aug. 17, 1987, 87-2 CPD ¶ 165, aff'd, The Defense Logistics Agency--Request for Reconsideration, 67 Comp. Gen. 16 (1987), 87-2 CPD ¶ 365. Our decision in that case was based upon the mandatory nature of the language found in 10 U.S.C. § 2304(a)(2) as well as the supporting legislative history of that provision.2/ Simply stated, an agency is required to use sealed bids where: (1) time permits; (2) award will be based on price and price-related factors; (3) discussions are not necessary; and (4) more than one bid is expected to be received. Here, we think that the acquisitions in question fit squarely into the terms of the statute's requirements and that, consequently, the Air Force was required to employ sealed bidding procedures.

First, the Air Force has not alleged that insufficient time exists to permit using sealed bid procedures or that there is not a reasonable expectation of receiving more than one bid. Second, the award in both procurements will be based upon price alone without consideration of technical evaluation criteria; indeed, the RFPs do not even contemplate the submission of technical proposals. Third, we do not think that the Air Force has demonstrated that discussions will be necessary. In this regard, we note that while the Air Force alleges that discussions may be necessary to insure that all firms have a complete understanding of the specifications, we fail to understand how responding offerors will be evaluated for understanding given the absence of a requirement for the submission of technical proposals. Compare Essex Electro Engineers, Inc., 65 Comp. Gen. 242 (1986), 86-1 CPD ¶ 92, where technical proposals, to be evaluated against specific criteria, were required. Stated differently, we fail to see how the Air Force will discover technical deficiencies in submissions which are comprised only of a price schedule and a blanket statement of compliance with all specifications.3/ We also

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2/ See S. Rep. No. 98-50, 98th Cong. 2nd Sess., reprinted in 1984 U.S. Code Cong. & Admin. News 2191; H.R. Rep. No. 98-861, 98th Cong. 2nd Sess., reprinted in 1984 U.S. Code Cong. & Admin. News 2110.

3/ To the extent that the Air Force wishes to give consideration to a responding firm's ability to perform in accordance with its agreement to comply with the specifications, we think that an investigation of the firm's responsibility is the appropriate vehicle for this purpose.

note that the Air Force has failed to provide any explanation of why the projects are complex or are other than routine construction work. The Air Force has also failed to state what the subject of any discussions would be.

In addition, we note that the acquisitions' cost limitations are stated in both RFPs. Under such circumstances, we are unpersuaded that firms wishing to prepare a responsive submission will knowingly exceed the clearly disclosed cost limitations. In any event, should all responding firms ultimately submit above-cost bids, the Federal Acquisition Regulation (FAR) provides an adequate mechanism for converting a solicitation from a sealed bidding format to a negotiated format without the need for solicitation cancellation. FAR § 15.103 (FAC 84-5).

Accordingly, by separate letter of today, we are recommending that the RFPs in question be canceled and reissued using sealed bidding procedures. In addition, we find Northeast to be entitled to the costs of filing and pursuing its protests, including attorneys' fees.

The protests are sustained.

Milton J. Socolar

for Comptroller General
of the United States

LIST OF INTERVIEWEES

1. **United States Army Corps of Engineers Headquarters**

   Chief of Construction Division
   Assistant Chief of Construction Division
   Chief of Construction Policy
   Chief of Construction Evaluation

2. **United States Army Corps of Engineers Mobile District**

   District Engineer
   Chief of Construction Division
   Assistant District Counsel
   Chief of Construction, Contract Administrative Branch
   Assistant District Counsel
   Chief of Construction Division

3. **United States Army Corps of Engineers Fort Worth District**

   Chief of Construction Division
   Assistant Chief of Construction Division
   Chief of Construction Administrative Branch
   Chief of Quality Assurance Section
   Chief of Quality Assurance Branch
   Chief of Special Programs & Litigation Support Section

4. **United States Army Corps of Engineers Baltimore District**

   Chief of Construction Division
   Supervisor Civil Engineering
   Supervisor Contract Specialist

5. **United States Army Corps of Engineers New York District**

   Chief of Construction Division

6. **United States Army Corps of Engineers Los Angeles District**

   Chief of Contracting Division
   Chief of Contracting Administration
   Supervisor Civil Engineering
   Deputy Commander for Civil Works
   Deputy Commander for Military Programs

7. United States Army Corps of Engineers Sacramento District
   District Engineer

8. United States Army Corps of Engineers Omaha District
   Deputy Commander

9. United States Corps of Engineers Savannah District
   District Engineer

10. United States Corps of Engineers Pacific Ocean Division
    Division Engineer

11. United States Corps of Engineers Louisville District
    Deputy District Engineer

12. United States Corps of Engineers Seattle District
    District Engineer

13. United States Corps of Engineers Europe Division
    Chief, Engineering Division

14. Veterans Administration
    Senior Facilities Advisor

15. Office of Assistant Secretary of Defense
    Deputy Director of Construction and Housing

16. United States Senate, Committee on Small Business
    Procurement Policy Counsel

17. **United States House of Representatives, Government Operations Committee**

    Majority Professional Staff Members

18. **General Services Administration, Public Building Services**

    Commissioner of Information, Resources Management Service
    Associate Administrator of Acquisition Policy
    Director of Contract Policy Division, Public Building Service
    Senior Procurement Analyst - Public Building Service

19. United States Agency for International Development

    Assistant General Counsel Contract & Commodity Management
    Engineering Division Chief, Office of Project Development
    Chief, Planning, Policy and Evaluation Staff, Competition Advocate
    Staff Counsel

20. United States Postal Service

    General Manager of Facilities, Contracting Division

21. United States Bureau of Reclamation

    Deputy Commissioner & Chief Operating Officer
    Manager of Superfund Assistance Program
    Chief Acquisition & Assistance Division
    Chief of Construction Division

22. United States Naval Facilities Engineering Command Headquarters

    Vice Commander
    Deputy Commander for Contracts

23. United States Naval Facilities Engineering Command Atlantic Division

    Chief, Construction Division
    Vice Commander
    Director, Construction Division

24. United States Naval Facilities Engineering Command Chesapeake Division

    Commanding Officer
    Chief Engineer for Construction

25. National Academy of Sciences

    Executive Secretary, Federal Construction Council

26. Logistics Management Institute

    Research Fellow

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Mr. HEFNER. You stated that AGC is opposed to increased use of competitive negotiation. Aren't there any instances where competitive negotiation would be appropriate?

Mr. FORDICE. Of course, there are, Mr. Chairman. But we believe that they are an awful few and far between, and the trend that we see occurring is a abuse of competitive negotiation. There are very few places where, for instance, if you have not a complete design, you need to talk to the bidders in advance, and it may be convenient to do a competitive negotiation. But in most DOD construction, that certainly is not the case. The design is complete. The package is easily interpreted and easily bid on. Why not do it by competitive bidding. So there are exceptions. But they are much more rare than the increased use of negotiation that we see going on.

Mr. HEFNER. I want to congratulate you on your new presidency of the association.

Mr. FORDICE. Thank you, sir.

Mr. HEFNER. I have no further questions. Mr. Lowery?

Mr. LOWERY. Mr. Chairman, on behalf of my colleague, Congressman Delay and myself, we have concerns on some of what you testified to. First off, I understand there is a legal battle over some of the set asides that you have been involved with recently. Could you amplify on what the problem was and how does it affect your business?

Mr. FORDICE. We do the bulk of our work for the Corps of Engineers, always have. We are a 40-year-old small business, and, in 1981, we notice that every job that the Vicksburg District, advertised on their bulletin was set aside for 8A. In other words, if you were not an SDB, you just need not apply, and we could get out of Corps work, I guess, is what they were trying to tell us. We did not feel like there was any equity in that at all. We could not get much done in talking to Congress. We tried to talk to the Administration. So we did what we had to do, and we entered a lawsuit in federal court. That was 1981.

March the 13th of this year, last week, a decision was rendered in our favor. That is almost nine years after we filed it. Judge Henry Wingate, the Southern District of Mississippi in Jackson, said that we were exactly right. We traced down the pressure on where these programs go from the top, where the Secretary of the Army told the Chief of the Engineers his performance was abysmal, and he wanted better numbers. We, in business, can talk until we are blue in the face. But nobody seems to hear us that that is exactly how the pressure is from the top down. By the time that pressure got down to the District Engineer, he had been beat about the head and shoulders where he was tired. So, defensively, I can understand in his case that he took all the work that was available to the district and sent it over to SBA and said, "Now, you send back what you do not want," which is a very cynical response. But what he is saying is don't criticize me anymore for not making my quota now. Here is all of it. Of course, that took that work off of the market for months because the SBA cannot decide anything in a hurry, and it just stayed off the market and could have caused us to go out of business. You may say we have no business specializing. Maybe so. But I presume the government needs somebody to do the work, and that was our specialty. So we just thought that was a little too much, and we sued, and we won. The judge said that is right. The government obviously abused the discretion they have in exercising the program. Now, I might say, Congressman, that the same thing is happening now in Section 1207, which I just discussed. I got a call from a couple of contractors last year down on the Mississippi Gulf Coast where you have a home porting project in Pasacagula. All of the initial work is big work with the big contractors, and the locals sat there and watched that. They could not do that because they were too small. Then you got down to the fire stations and the small things that they felt now it is our time, and everything was set aside for 1207. So if you were not an SDB, then no need to apply. They just sat there in their own community and watched all of these taxpayer dollars getting spent, and they had no chance to even bid on the work. It is the exact same situation we were faced with. Of course, 1207 is not like in other agencies. They may have their own 1207 on top of that. So that is a pretty good resume of our own personal experience and what is going on now that parallel in the cases with 1207 set aside.

Mr. LOWERY. There seems to be some confusion among Members regarding Davis-Bacon and what classification is the contract that you are able to do that work. Historically, would it be accurate to say that Davis-Bacon work is only performed by contractors working under the collective bargaining agreements or is Davis-Bacon work performed by open-shop contractors?

Mr. FORDICE. The latter, of course, is the case. All contractors, in other words, the fact of whether your outfit is operating under a collective bargaining agreement or not has nothing to do with whether you are going to bid and perform Davis-Bacon work. Davis-Bacon work where I come from—and we work all over the South—of course, outside the Beltway, everybody recognizes absurdities, and they recognize that this is a gross distortion that the taxpayers have to pay for. But in our spread, the hands all recognize that, and they just think it is a privilege to get over here on the Gulf work and get paid these high rates. Of course, they know when they come back to civilian work, they are going to right back to the real world. Nobody thinks of it as anything but another government farce, just a gravy train. "Let me get some of this government work where I can get those high wages for a few days with full recognition that I will be back down to the real world when I get off of the government work," and that's the way it really works.

Mr. LOWERY. Do you know how much of the Davis-Bacon work is performed by open shops?

Mr. FORDICE. Throughout America, the open shop is now performing over 70 percent of the construction. It is nearing 75 percent with 25 percent done by union, and I would say that Davis-Bacon work is not significantly different. There is no particular concentration of collective bargaining contractors doing Davis-Bacon work. I would say it would reflect the general marketplace, 70/30, 70 percent open shop.

Mr. LOWERY. So the argument that you have better quality dealing with collective bargaining units——

Mr. FORDICE. To me, it makes no sense whatsoever.

Mr. LOWERY [continuing]. Doesn't apply in terms of racks.

Mr. FORDICE. It makes no sense at all as far as I am concerned, Congressman.

Mr. LOWERY. I agree with you, and I know my colleague, Congressman Delay, does as well. There is some confusion. That is one of the arguments in advance that through Davis-Bacon, you would hire quality because you are dealing with union personnel.

Mr. FORDICE. There just is no logic.

Mr. LOWERY. That just is not the case. In my own San Diego, I think those number splits are probably similar.

Mr. FORDICE. Yes.

Mr. LOWERY. It is probably close to two to one of open shops doing the work as opposed to union shops.

Mr. FORDICE. Again, I know you all get tired of the term, "just inside the beltway concept." It has nothing to do with real life, that only collective bargaining people are doing Davis-Bacon. It is just absolutely not true.

Mr. LOWERY. Thank you. Thank you, Mr. Chairman.

Mr. HEFNER. Mr. Dicks.

Mr. DICKS. No questions.

Mr. HEFNER. Thank you, Mr. Fordice.

Mr. FORDICE. Thank you.

Mr. HEFNER. Congratulations again on your election.

Mr. FORDICE. Thank you.

Mr. HEFNER. Our next witness is Sergeant Major Mack McKinney, who is no stranger to this committee, the legislative council for the non-Commissioned Officers Association. Mack, your prepared statement will be part of the record, and you may proceed in any way you see fit.

STATEMENT OF SGT. MAJ. C.A. (MACK) MCKINNEY, USMC (RET.), NONCOMMISSIONED OFFICERS ASSOCIATION

QUALITY OF LIFE

Mr. MCKINNEY. Thank you very much, Mr. Chairman and distinguished members and the staff, of course. This committee has over the past decade done a remarkable job and have led all others in funding of quality of life for our men and women in the armed forces, particularly our enlisted people. The task has been done so well, I might add, that we have more and more young men and women who want to make careers in the military. However, the current threat against the Defense budget if it is allowed to materialize is going to be a door, and that door is going to be open for many of these young people who are going to have to leave because we do not have the money. I just wish this particular subcommittee had control over that so they could do something about it.

Mr. DICKS. About what, sir?

Mr. MCKINNEY. About transitioning some of these people out of the service, Mr. Dicks.

Mr. HEFNER. When their time is up?

Mr. MCKINNEY. Yes. When they are thrown out of the service.

Mr. DICKS. Are you worried about the lack of support up here for the reprogramming to protect some of the personnel?

Mr. McKinney. No, sir.

Mr. Dicks. I thought that is what you were addressing.

Mr. McKinney. No. We know we are going to lose lots of people.

Mr. Dicks. No matter what.

Mr. McKinney. No matter what. Therefore, right now, we are going to turn and lose some very fine quality people, experienced, irregardless of whether they want to stay or not and whether they have done a good job. But in the case of enlisted people, we are going to put them out without any separation payment, no transition pay whatsoever, no transition program for them or anything of that nature. However, I just wish this particular subcommittee had some control over that. But, nevertheless, we will have to continue to look at those who remain in the service in the future years. Earlier in my prepared statement, I referred to the peace dividend, if there should be one. I do not see one yet. But there should be one. My association believes it belongs first to the men and women in the armed services. They and their predecessors are the ones we believe that earned that dividend. Also in my prepared statement, which I hope is reviewed by all, I have touched on burdensharing, an issue that becomes more important as our budget becomes tighter. There is also the subject of housing. The Army still must build its personnel. There is a need for bachelor enlisted quarters, and it continues to be a priority. So is family housing, particularly in large metropolitan areas. Speaking of large metropolitan areas, I have made a recommendation to the authorization committees that they take a look at Cameron Station as a possible installation to build family housing in the local area. This is a much better place and is closer than Fort Belvoir, and there would not be the traffic congestion involved in bringing our people to and from the installations here in the metropolitan area as it would be out at Fort Belvoir. We also touched on homeowners assistance, which may be entirely inadequate, to deal with down-sizing of such curves. We just hope that the $31 million that is in the program for base closure is sufficient to handle the problems that the people will have in trying to get rid of homes and mobile homes, et cetera. Other concerns I have addressed in my statement are base closure, Section 6, Davis-Bacon, MWR funding, home porting, and I would like to spend just a second on home porting, particularly at Staten Island, New York. It appears that the Navy has plans to move in people at Staten Island long before there is sufficient housing and facilities available for them. I hope this subcommittee keeps an eye pealed for that particular thing. So there are people that are not placed into a position where they are going to have to spend lots of money out of their own pocket to be residing in that particular area. Although it is extremely difficult to place these items in some order of priority, I would like to end by just saying that the health care facilities is a subject that really generates considerable emotion throughout the military community. As such, although we do agree that CHAMPUS reform appears to be doing a good job in California and Hawaii, we still need military treatment facilities because that is where our folks want to go. It is an economical way to accommodate the military community, and, therefore, the NCOA endorses the request for funds for improving or constructing medical facilities. That concludes my oral presentation. I stand ready for any questions, sir.

[The information follows:]

NCOA

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STATEMENT OF

Sergeant Major C. A. (Mack) McKinney USMC (Ret.)
Legislative Counsel

Non Commissioned Officers Association of the USA (NCOA)

on

MILITARY CONSTRUCTION AND FAMILY HOUSING

FY 1991

before the

Subcommittee on Military Construction

Committee on Appropriations

U.S. House of Representatives

Second Session, 101st Congress

March 29, 1990

THE NON COMMISSIONED OFFICERS ASSOCIATION

The Non Commissioned Officers Association of the U.S.A. (NCOA) is headquartered in San Antonio, Texas, with a National Capital Office (NATCO) in Alexandria, Virginia. NATCO is staffed with six (6) noncommissioned and petty officers; four (4) retired and two (2) veterans; with a combined record of more than 145 years of military service and over 50 years of representing the NCOA in governmental affairs.

Chartered by the United States Congress

NCOA membership is currently in excess of 160,000. It is representative of all branches and components of the Armed Forces, including the Active, Guard, Reserve, and Retired communuity, with a majority serving worldwide on active duty. Most of the Association's active chapters are located on or near military installations. This close relationship with the military is the cornerstone by which the Association builds its program of legislative initiatives.

Mr. Chairman. The immediate future of the Armed Forces of the United States remains an undetermined product as Congress and others review the Military Construction budget for FY 1991. Whatever the decision, there will continue to be a demand for certain quality-of-life enhancements that improve the morale and well-being of our men and women in uniform and, most important, retain the high-state of readiness this nation now enjoys with its military manpower.

The downsizing of the force, base closures, and other cost-saving measures, including the loss of uniformed personnel in the tens of thousands, will do little to alleviate the necessity to construct, remodel, and modernize certain facilities and housing. For example: the demand for affordable family and bachelor housing will not subside in areas such as Washington, D.C., Virginia, California, and New York where military personnel strengths should remain fairly constant.

A similar situation will have to be addressed in West Germany, the Philippines (if the U.S. maintains major military installations in that island nation, or even move them elsewhere), and other overseas stations where U.S. personnel will be assigned. Housing is still a problem, and the need for upgrading and modernizing work-station facilities/areas is a serious matter for consideration.

In reviewing the current mood of many in Congress there may be those who believe the Non Commissioned Officers Association of the USA (NCOA) should approach its FY 1991 MILCON recommendations with tongue-in-cheek. Instead, the Association offers no apology for the issues it raises below. If the downsizing of U.S. defense forces brings about a "peace dividend," then it should go first to the people who gained that dividend- the men and women in our uniformed services.

BURDENSHARING

At the top of the list, NCOA again recommends that the United States proceed with due cause to raise the contribution from foreign nations employing U.S. troops in the defense of their borders. There may be no quarrel against the United States carrying the burden of paying, equipping, and arming its overseas uniformed personnel, but there is one when it comes to housing, facilities, utilities, training areas, schools, MWR activities, etc. There's no real justification why our Allies can't pay for these since it is their property whether or not it's being utilized by U.S. troops.

The United States has contributed or will contribute nearly $1 billion to the NATO infrastructure during the 1989-1990 fiscal years. For FY 1991, DoD is requesting $1.1 billion of which $460.4 million is for NATO infrastracture. Needless to say, that kind of money can buy more family housing, bachelor housing, and community centers in the United States, not to mention the jobs it will offer U.S. citizens.

HOUSING

Notwithstanding the priority given to burdensharing, NCOA continues its strong advocacy for adequate and affordable housing for all military personnel. Housing allowances remain below the level prescribed by Congressional intent; thereby, causing many military families to opt for housing substandard to their requirements.

NCOA is concerned that family and bachelor housing funds continue to recede. Family Housing in the FY 1991 request is nearly $200 million below FY 1989 appropriations. The troops housing request is down $149 million from FY 1989 and $111 million from FY 1990. However, it's questionably noticeable that other MILCON accounts are to be greater in FY 1991 than FY 1990 (i.e.-Planning and Designing, up nearly $10 million; NATO Infrastructure, up nearly $15 million; Defense Agencies' Community Facilities, up $27 million; and Base Realignment/ Closures, up a whooping $416.5 million).

More family housing needs to be constructed in or around

Washington, D.C., San Diego County, Orange County, and central and northern-central California, Hawaii, Norfolk, and New York, to name a few.

In addition, construction and modernization of bachelor enlisted housing and geographical bachelor housing should be contracted early so that old, unsafe, and substandard quarters are abandoned. There is no reasonable argument that can convince quality people that there is a need to live in archaic housing on permanent military installations located in the United States.

HOMEOWNERS ASSISTANCE

NCOA is further concerned that the Homeowners Assistance program has been halved since FY 1989. Is there justification for such a huge drop in funding over a two-year period?

And speaking of homeowners assistance, it is in hope that the Base Realignment and Closure provision in P.L. 100-526 will provide for the housing that our servicemembers must abandon where base closures are effected? Pease Air Force Base is a good example. A number of young airmen are to be transferred and unable to sell or take their mobile homes with them, due to no fault of their own. Will the military and this Congress take charge of this deplorable situation and bail out these young airmen and others in similar positions? NCOA urges this subcommittee to give priority to the problem and insure that there are adequate funds to protect servicemembers from financial disaster when losing a home because of base closures or realignments.

CAMERON STATION

Congress has agreed to the closure of the U.S. Army's Cameron Station, Alexandria, Va. NCOA presents no opposition to moving the various operational activities from that installation to others (except as stated herein), but takes exception to the probable loss of an invaluable piece of property. Cameron can be used to construct and house military families assigned to the Washington, D.C. area. The location is ideal. Construction activities would present little interference with local traffic and surrounding businesses. (There is little housing in the immediate vicinity.) Even if current MWR and medical facilities are retained, the additional consumerism generated by military families would be a windfall for local businesses.

BASE CLOSURES

NCOA continues to be concerned that base closures will terminate the availability of "people-services" that are dependent on both appropriated and nonappropriated funds.

Literally, thousands of military personnel and their families chose to retire and reside in locales that have military installations available for their use. Now some of these installations are targeted for closures. Their shut-down means the end of military medicine and the loss of commissaries and exchanges, not to mention other MWR activities.

If military medicine goes, has a study been directed or conducted that estimates the cost of providing CHAMPUS for the affected community? Would it not be more economical to have the parent military department sponsor a PRIMUS or NAVCARE clinic as a substitute?

What about the facilities and activities that have been paid for out of nonappropriated funds- the money that belongs to the soldiers, sailors, marines, airmen, and coast guardsmen? Who will benefit from their sale, tear-down, or whatever?

NCOA believes that the military has a moral and legal obligation to recommend positive actions beneficial to the local military community and have them approved by Congress. If it is insistent that these bases be closed then the federal government should be tasked with subsidizing the local military community for the substitution of like-facilities and activities, if current ones are shut-down, with a mutually-agreeable plan that such activities/facilities will be self-supporting sometime in the out-years.

In certain cases, NCOA recommends that military facilities be retained, even if the Department of Defense must execute leases with other governmental or private entities. The presidio, San Francisco, comes to mind with its needed hospital, reserve center, housing, commissary and child care center. Approval of such would be in the best interest of the U.S. Army Reserve and nearby military community.

In no way should Congress and the military abandon those who served this nation in war and peace.

SCHOOLS

It is apparent that all Section 6 schools located on military installations are not going to be transferred to local schools districts. These districts can ill-afford the financial burden. Promises of financial aid, such as that to schools impacted with children of military and federal personnel, have gone the way of many other government assurances.

Section 6 schools are in need of financial assistance, many for maintenance, modernization, and minor construction as well as for operating purposes. NCOA strongly advocates the authorization and appropriations of funds to keep these schools safe and comfortable while allowing the administrators and teachers to concentrate on their primary duty- to teach children in the best possible environment.

NCOA is concerned that the schools in Fort Sam Houston, Lackland Air Force Base, and Randolph Air Force Base are experiencing difficulty in planning for the school year due to the uncertainty of adequate receipts of impact aid funds. The Association urges the congressional authorization and appropriations committees to earmark funds directly for the purpose of assisting these Texas-based schools. This action will insure there'll be no need to disenroll children because of insufficient funds to operate the schools.

OTHER MILCON ITEMS

NCOA continues its advocacy for the following items:

o Family Support Centers. There still exists a need for these centers at every military installation that has a sizable number of uniformed personnel assigned to its catchment area. These centers do much to provide a healthy environment for servicemembers and their families.

o Davis-Bacon Act. Needs modification of its archaic provisions. Cost of construction has climbed steadily over the years while the Act stays at a $2,000 minimum. There's little justification, if any, to continue demanding prevailing rates on all federal contracts valued at less than $100,000 for military family housing and $25,000 for alterations to existing facilities.

o MWR Funds. The reduction in funds is causing closures, mergers, and cut backs in operating hours of MWR facilities and activities at military installations. This, in turn, forces many servicemembers to seek recreational activities off-post. Denial of funds should be reconsidered by Congress, particularly those which operate MWR facilities having an attraction for junior and bachelor servicemembers.

Homeporting. In spite of assurances that "all is well," NCOA retains its tongue-in-cheek approach to the readiness of new homeports to receive and accommodate military personnel and their families. Again, NCOA urges Congress to ascertain that our sailors and marines are adequately housed and provided with the necessary family, healthcare, and MWR facilities before being assigned to these homeports.

o Health Care Facilities. Congress is doing much in the field of attracting and retaining health care professionals and technicians to man U.S. military medical facilities (MTFs). However, greater financial awards to doctors, nurses, and other health professionals is not the final solution. Many MTFs require modernization of facilities and equipment. NCOA urges Congress to act early to provide the necessary funds to upgrade the MTFs so that medical personnel will be pleased in an assignment to any uniformed services health facility in the U.S. or overseas.

Mr. HEFNER. Thank you, sir. I thank you for your statement and for your kind words about this committee. Several issues you raised are near and dear to us, burdensharing and adequate housing. These are parts of the budget we can have an impact on, and we try to do that in a responsible way. Mr. Lowery?

Mr. LOWERY. Thank you, Mr. Chairman. This committee has been very concerned about the quality-of-life issues for our NCOs and enlisted personnel. We will keep your views very much in mind.

Mr. MCKINNEY. Thank you, Mr. Lowery.

Mr. HEFNER. Mr. Dicks?

Mr. DICKS. I, too, want to thank the gentleman for his remarks and a very excellent statement. Some of us who serve on this committee also serve on other committees who have some involvement, and we certainly are trying to do everything we can to take care of the people who are going to be separated from the military. I think you make a very important point. We have dislocated worker programs. If you lose your job because of trade issues or because of other national decisions. Certainly if we make decisions affecting the military personnel, they ought to be given the same kind of treatment that we give others in the private sector. I appreciate your statement.

Mr. MCKINNEY. Just a final commercial, if I may, Mr. Chairman. Representative Jim Slattery from Kansas has introduced a bill which NCOA has asked for him to introduce. It is H.R. 4003, which will provide separation pay for enlisted personnel. I hope the committee can take a look at it.

Mr. HEFNER. We will sure take a look at it.

Mr. MCKINNEY. Thank you very much.

Mr. HEFNER. Our next witness is the all-powerful Chairman of the House Budget Committee, the Honorable Leon Panetta. Mr. Panetta, your prepared statement will be part of the record.

Mr. DELAY. If he is so all-powerful, why is he here?

Mr. HEFNER. He is trying to get more power, I guess.

Mr. DICKS. He wants to make sure his case is heard.

STATEMENT OF HON. LEON PANETTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

FORT ORD, NAVY POST-GRADUATE SCHOOL AND DEFENSE LANGUAGE INSTITUTE

Mr. PANETTA. Mr. Chairman and Members of the subcommittee, I appreciate the opportunity to come before you, and I would like my statement to be made part of the record. Let me just say a couple of things. First of all, in the overall budget situation, as all of you know, we are now in the process of working towards a budget resolution. It is not an easy task, as you can imagine. But it is clear that part of that budget resolution is going to involve significant reductions in the Defense budget if not this year, then certainly over a period of the next three to five years. I think that is true under any scenario, very frankly. Obviously, the approach has to be one that is responsible and one that is tied to a strategy that tells us where we want to wind up with our Defense system over the next three to five years, where the threats are, what kind of changing world are we dealing with and what kind of Defense system do we need to meet that threat in that period of time. So that is, obviously, all part of the consideration that we are going through right now. Very frankly, we are in the process of doing a great deal of consulting, consulting with the Chairman of the Armed Services Committee, Les Aspin, consulting with the Chairman of the Defense Appropriations Subcommittee, John Murtha, as well as with many of you in trying to see if we can find a way to achieve the savings that need to be achieved, recognize the changes that have taken place, but do it in a responsible way. It is not easy. But, obviously, it needs to be done as part of our deficit reduction package. That means there are going to be some very tough decisions for a lot of people in a lot of areas over the next three to five years. This is not going to be easy. Cap Weinberger used to come here and say you may not like what I am proposing in weapon systems, but this is a hell of a jobs program, and he was right. It is indeed a hell of a jobs program. But the reality is now that as the world changes, we have to change our priorities in this country. Hopefully, we can confront that. Having said that, let me refer specifically to the situation with regard to Fort Ord and other bases for that matter. There are two points I want to make on that. The Secretary has made some recommendations as candidates for a number, dealing with a number of bases. The Congress ultimately has to confront that. Whether we are Republicans or Democrats, we are going to have to confront that issue. But that is for the Congress to decide. That is our job depending on what we do with force structure and what kind of strategy we want to wind up with in a period of the next three to five years. Hopefully, that will be done in conjunction with consultation with the Department of Defense. But, very frankly, they haven't given us a hell of a lot of help so far. But, ultimately, the decision as to what we do with posts and what we do with ports has got to relate to what we do with force structure over the period of the next few years. So all of us need to hunker down and make some tough decisions on that. I recognize that I, just like Norm Dicks, just like Bill Lowery, have to make some tough decisions in that process. But that is part of it. I am willing to do it. But I do not want to see those supposed candidates that are out there for possible reduction gutted in an indirect way. That would be the worst possible approach in dealing with this issue. Very frankly, that effort is being made right now by the Secretary of Defense. Every time we turn around, there is a new effort to gut the posts that are supposedly candidates for consideration for reduction. You cannot let that happen. You cannot let that happen. In particular, let me mention Fort Ord. I have the 7th Light Infantry Division at Fort Ord, the infantry division that was deployed to Panama and did an outstanding job as a result of that. By the way, I make one statement as an advertisement. What they learned to do, the experience that they developed, the expertise that they developed, was learned at Fort Ord, and they have proven themselves as a fighting unit. They remain a very important part of our Defense system. If, in an indirect way, you begin to pull funds in terms of maintenance, readiness, some of the projects that are essential to them to maintain their expertise, you are going to hurt not only the 7th Infantry Division, but you are going to hurt the post itself, in terms of supplying the infrastructure that is necessary to maintain them regardless of what the ultimate decision is, regardless of what the ultimate decision is. So, please, the first point I would make to you is do not allow the Department of Defense in an indirect way to force the destruction of these posts without Congress being able to evaluate what we need for the future and the long term. The second point I want to make is specifically with regard to a project at Fort Ord dealing with seawater intrusion. Fort Ord over its history has drawn water, obviously, from the areas that are located adjacent to the post. As a consequence of doing that, they have, in part, contributed to seawater intrusion, which now affects the wells that are involved in the agricultural area as well as some of the communities that draw from that same water table. What Fort Ord did and what the Department of Defense did to their credit was to engage in an agreement that essentially they would be a part of a partnership to try to help deal with the seawater intrusion that was affecting that water table. They have agreed to that. There is a plan to do that. Indeed, in the President's budget, there are $7.8 million for that very purpose, and we have to continue not only phase one, but phase two and phase three of that so that we can complete restoring that water table. Now, I do not care what in particular you may decide or we may decide with regards to the future of Fort Ord. That is a commitment that the Department of Defense has to meet under any circumstance. Since the Army contributed to that problem, they have an obligation and a responsibility to help pay for this. My understanding right now is that the Corps of Engineers, for example, has been told not to sign a contract on this until they decide what happens with the future of Fort Ord. I do not care what happens with the future of Fort Ord. They still have to pay for this project because it is their responsibility. It is the same principle as if they had left a toxic dump there and decided to close the post. They cannot just leave the toxic dump there. They are going to have to clean it up. So I would just urge you to continue the funding of that project.

There are other areas that I would ask your consideration of: the Administration supports continued funding for the Navy Postgraduate School and the Defense Language Institute. But the most important issues that I want to confront you with are the issues related to not letting these posts be gutted indirectly from the inside, and, in particular, with regard to Fort Ord, please continue to fund that saltwater intrusion project because that is absolutely essential to our community. Thank you, Mr. Chairman.

[The information follows:]

STATEMENT OF THE HONORABLE LEON E. PANETTA
ON THE MILITARY CONSTRUCTION APPROPRIATIONS REQUEST
FOR FISCAL YEAR 1991

BEFORE THE SUBCOMMITTEE ON MILITARY CONSTRUCTION
HOUSE APPROPRIATIONS COMMITTEE

MARCH 29, 1990

Mr. Chairman and Members of the Subcommittee, I am pleased to have this opportunity to share with you my view of the military construction projects for the 16th Congressional District of California for fiscal year 1991 (FY 1991). I have enjoyed working closely with you in past years to ensure that the military construction authorization provides needed facilities for our military personnel and their families, and I look forward to maintaining this valuable relationship.

Before I turn to fiscal year 1991 projects, I would like to let the Members of the Subcommittee know that I believe it is regrettable that the Secretary of Defense has made the decision to defer or cancel military construction projects the President requested and Congress specifically authorized for fiscal year 1990. Defense Secretary Cheney has cancelled projects due to be constructed on bases he has recommended for closure several years hence. He has instructed Fort Ord and other bases on his informal, ad hoc list that they must conduct maintenance of their facilities with a minimum of expenditures and labor. These decisions are having serious economic effects on our bases and communities.

Mr. Chairman and Members of the Subcommittee, the Secretary of Defense is making our decisions for us. He is working very hard to fulfill his own prophecy. He is cutting off the normal improvements and standard operating funds -- required by the armed services standards -- these bases need before determining whether they deserve to survive. These bases have not heard their case argued in court. They have not been proven unnecessary, yet their punishment is occurring as we speak.

I have written to the Chairmen of the Defense Appropriations Subcommittee and the Armed Services Committee about my concerns, and I would suggest to the Chairman and Members of the Subcommittee that this matter deserves your close attention. FY 1990 projects such as Fort Ord's automated record firing range construction should be allowed to proceed. Let us wait until Congress or a bipartisan commission has had its say before we damage installations whose statuses remain unclear.

I would like to take this opportunity to review the various military construction projects proposed for the 16th Congressional District. I can assure you that each of these projects is greatly needed and will contribute substantially to the effectiveness of these posts and the well-being of their soldiers, staff, and families.

Many of you are familiar with Fort Ord, near Salinas, California, and its ongoing military construction projects. I am happy to report that Fort Ord has completed construction of its family housing, having fulfilled 100 percent of its Army requirements.

It is notable that despite his recommendation to close Fort Ord -- a recommendation I believe is seriously flawed -- the President has requested $7.8 million in FY 1991 for the continuation of the Regional Sea Water Intrusion Project. Specifically, Phase I of the Regional

Water System will be constructed in FY 1991 and Phase II will be undertaken in FY 1992. The project is of vital importance not only to Fort Ord's water system, responsible for all of the base's 28,000 acres, but to surrounding communities such as Marina and Castroville and to area farmers. The Monterey County Flood Control and Water Conservation District and the City of Marina have been working closely with Fort Ord for nearly four years to agree upon funding and responsibility for the project, in which each entity will contribute to the resolution of sea water intrusion into the ground water aquifer that supplies water to an area stretching from Marina to Fort Ord to northern Salinas Valley. In a demonstration of responsible intergovernmental cooperation, this group formed the Sea Water Intrusion Committee in 1984 and established the Project.

I would note that this project is the only one for which Fort Ord is requesting funds in FY 1991. Fort Ord's participation in the Project is of even more immediate importance to its neighbors than to the reservation itself. Monterey County Flood Control and Water Conservation District is the lead agency coordinating the Project. During Phase I both Fort Ord and the City of Marina are to finance the concept design of the Potable Water Delivery System to be designed by the Sacramento District Corps of Engineers and to provide money for buy-in costs or existing system access fees to an existing benefit assessment zone. This benefit assessment zone recharges the groundwater basin from its upper valley reservoirs. Fort Ord does not belong to this longstanding benefit assessment zone with rights and privileges to draw water from the Salinas Valley Groundwater Basin. Castroville area farmers have been paying for years for the use of this groundwater without being able to obtain its benefits; their source is currently contaminated with sea water.

Of the $7.8 million budgeted for Fort Ord in FY 1991, $7.5 million are targeted for the buy-in cost for becoming a part of the benefit assessment zone. The remainder, $.3 million, are to be used by the Corps of Engineers to start concept design.

The buy-in monies will be used to finance a share of the $46 million Castroville Irrigation System providing the farmers in the vicinity of Castroville a non-contaminated supply of irrigation water -- water for which they have been paying but not receiving because of contamination by sea water. If any one of the participating parties does not contribute its share, the project will fail.

The Army's contribution to the Project was programmed in tandem with the schedule for environmental documentation, design and construction. The Army has made a commitment to assist in the planning and financing to resolve the regional sea water intrusion problem in the coastal areas. Fort Ord contributed to the origin of this problem, and it is correctly attempting to participate in its remedy.

On a general level, I would argue forcefully that the President should not defer or cancel projects slated for future years at bases for which he has not yet formally proposed closure. To do so would be a direct violation of the spirit of the law, which mandates an impact study before implementation of the President's proposal as well as Congressional authorization for the closure of any base. If the status of a base is uncertain, how can the Administration prejudice the matter by preventing the maintenance of normal activities at the base? These moves become self-fulfilling prophecies. Accordingly, I would urge that the Subcommittee treat Fort Ord and other bases for which no formal notification of closure has been submitted just as it would all other military facilities.

Regardless of the status of Fort Ord in the future, funding for this program simply must be continued at full strength. I would strongly urge the Subcommittee to recommend full funding for Phase I in FY 1991 and Phase II in FY 1992.

The President has requested the construction of one vital educational building and an important public works complex at the Naval Postgraduate School (NPS) in Monterey, California in FY 1991. The Postgraduate School's current public works buildings are antiquated, require major repairs, and are not collocated. The transportation yard must be destroyed to make way for a new engineering building scheduled for construction in FY 1992, and the paint shop must be relocated to allow construction of a new academic building. The complex will consist of five one-story masonry buildings, at a cost of $6.62 million, including shops, an administrative area, an automotive shop, and supporting facilities. The consolidation of the public works buildings would improve the efficacy and productivity of the public works department, thereby enhancing its ability to fulfill the School's mission and requirements. In view of the temporary construction of several of the current buildings, as well as the need to create room for important future academic buildings, I heartily second the President's request for this complex and urge the Subcommittee's approval.

The second project at NPS will be an addition to, and seismic upgrade of, the lecture hall, King Hall. In the wake of the recent earthquake near Santa Cruz, a seismic upgrade is of the utmost importance to the safety of the students at NPS. The building has been declared unsafe in the event of a medium magnitude earthquake, and faults are known to exist in the immediate vicinity. At the same time, the hall must be expanded to accommodate a greater number of students. 1,850 students attend NPS, yet only 990 may be seated in the hall. This project would add 500 seats on the sides of the auditorium -- not a total solution, but a reasonable goal. Failing the addition, the School would be forced to continue to be severely limited in its attempt to conduct school-wide informational programs. I strongly endorse the President's proposal.

As you may know, the Fleet Numerical Oceanographic Center (FNOC) in Monterey has a national reputation as one of our nation's premier centers for meteorological forecasting, a mission absolutely necessary to the well-being of the Navy's ships and submarines around the world. Last year both the House and Senate authorized, and the House appropriated, $6.01 million for the construction of an administration and computer center at FNOC. I appreciate the opportunity once again to thank my colleagues on the Subcommittee for their able assistance last year in obtaining that authorization. I understand that the project need not be reauthorized this year, and I hope that members of the Subcommittee will join me once again in supporting the appropriation this very important project deserves.

The final two projects I would like to discuss are proposed by the President for construction at the Defense Language Institute (DLI) at the Presidio of Monterey. As you know, the DLI military construction request appears in both the construction request for defense agencies (Title IV) and the budget for tactical intelligence and related activities, submitted to the Select Intelligence Committee. The Defense Foreign Language Program is treated as an intelligence related activity.

The Secretary of Defense has requested funding for the construction of two essential facilities at DLI in FY 1991. $2.322 million will be required to fund the construction of an instructional media center for audio/visual laboratories, composition, and recording and maintenance studios. This facility will replace seven obsolete facilities in three locations, most of which were built before World War II. The new building will be annexed to an existing sound recording studio. As you may know, it is expected that DLI's mission will grow in coming years to accommodate the Defense Department's language requirements. The present separation of each of these interrelated components greatly impairs efficiency of operation, both for students and administrators.

The second project will be the print plant, designed to replace a World War II-era structure; it is a project that is called for on safety grounds alone, given the hazards of the current plant. It is becoming increasingly expensive to maintain, and it is in danger of deteriorating beyond an acceptable level. In addition, the plant must be expanded from its present size to handle DLI's growing printing requirements. I would liken its problems to the inadequacies of our own House printing center. A structure built forty years ago simply cannot process the amount of paperwork required in today's environment, much less provide an indoor environment considered safe for human occupation on a daily basis. $1.86 million will be required for the completion of the plant; I would strongly urge the Subcommittee to approve this most essential of requests.

I would note that several military facilities in the 16th Congressional District of California did not request funds for military construction in FY 1991. Let the record show that they have taken seriously their responsibility to use our fellow taxpayers' funds wisely. The Naval Oceanographic and Atmospheric Research Laboratory (NOARL), Fort Hunter Liggett, and Camp Roberts have done a commendable job in recent years of maintaining their respective physical plants and will not require funds in FY 1991. I know that the Subcommittee will keep this in mind in coming years when these installations will require military construction funding.

As I did last year, I would like to assure the Subcommittee that my requests for its appropriations in fiscal year 1991 for projects in the 16th Congressional District of California represent the bare essentials needed to keep these facilities operating and to provide safe and livable conditions for our service personnel. Several of these projects have been delayed for nearly a decade. Others remain in abeyance for future years. The projects in the 16th Congressional District for which I have requested appropriations represent careful consideration and my highest priorities. They deserve to be funded in full.

In closing, I would like to commend the Subcommittee once again for its accomplishments in improving the lives of military personnel. There is still work ahead of us, however, and I would urge the Subcommittee to approve the military construction appropriations requests above for the 16th Congressional District as an important step forward in the modernization and maintenance of our armed forces.

Mr. HEFNER. With regard to the water supply project, I think you made it perfectly clear that regardless of the fate of Fort Ord, this has to be done. So we will be very cognizant of that fact. Mr. Lowery?

Mr. LOWERY. Thank you, Mr. Chairman. Leon, I could not agree more to the extent that the Army contributed to the environment degradation in this case. We have a similar problem in San Diego, as you are probably aware. We drew down on all the water in World War II, and they have been fully occupied by saltwater, a lot of the local wells. But to the extent that the Army has contributed, we in the federal government have an obligation to meet our responsibilities.

But the more direct and practical question I have is what do we do as prudent managers of the public dollars in terms of meeting the balance of keeping readiness at adequate levels, but not plowing money in for facilities, new facilities in particular, if a base is slated for a candidate for closure.

Mr. PANETTA. I think you have to make a judgment based on what those projects are. Obviously, if it is a facility that does not relate to the mission of the unit that is there in a direct way, then I guess you have to evaluate each project on its own merits. But, for example, with regard to Fort Ord, we had a firing range that is extremely important to, again, the training of the 7th Light Infantry Division. That project was approved last year, and then the Administration recommended it for deferral. Fortunately, we have stopped that deferral. But, it seems to me, you have to evaluate each of these projects based on its own merit. I am not saying you should not stop or put on hold some of these facilities. But when it comes to readiness, maintenance, when it comes to the mission of the particular unit that is there, I think you have to provide what you can to continue to support that mission because that does not relate to the post. It relates to the national security of our country, and that is important to maintain. Secondly, I think you also have to make sure that the commitments that relate to other issues such as saltwater intrusion or other commitments made by those units in that community are also stood by in terms of the Defense Department. I mean, for them to back away from these things as if they suddenly are just going to walk away from a community after that community has basically supported that unit for 20 or 30 years, that is not going to happen. I do not think we can allow that to happen.

Mr. LOWERY. Thank you, Mr. Chairman.

Mr. HEFNER. Mr. Dicks?

Mr. DICKS. Congressman Panetta, I certainly understand your concern and I appreciate the items that you have mentioned in your statement, the Monterey Language School and the Post Graduate School and, of course, this facility. We will certainly try to do everything we can to help you. I would comment on one thing you said in your preface. That is this question of how we come to and derive a Defense number. I have spent some time thinking about it. Of course, certainly on the Defense subcommittee, it is a big challenge for us to try and figure out how we can come down but do it in a responsible way. I know that you have worked tirelessly to try and come up with a consensus position and also one for which there is an underpinning strategy and rationale. The only thing I said, and I said this to you, I feel strongly about it. I can see us doing that for one year. But whether we can do it for a five-year period by the time we get a budget resolution to the floor, I think, is a real challenge. The Administration, as you pointed out, hasn't given us, what they have as far as their five-year plan. So it is hard to work off of that. Secondly, Mr. Cheney even in the suggestions that he has made has not identified $70 to $90 billion of the cuts that he intends to make. So there are a lot of things that have not yet been brought to the public's attention about where these cuts will actually come from. Of course, $39 billion of it is associated with management improvements. I would like to think that we can do that well. But that may be a little soft, too. So there are some of us because we serve on committees like Military Construction and Defense, who are a little bit nervous that a lot of our colleagues think we can go a lot deeper. Yet they don't even fully have an understanding of what the cuts that Mr. Cheney is talking about are really going to entail. So I sympathize with you. As I said, I understand your very strong advocacy for Fort Ord. I regret that there are tough decisions that have to be made. I might just say though that two years ago they took 3,000 people out of the 9th Division, and it was very painful. They are going to take 3,000 out of the 9th this year and 3,000 out of the 9th next year. Yet I honestly believe that if we are going to reduce spending, all of us, everyone of us, San Diego or North Carolina or California, we are all going to have to share. I just hope we can do it in a way that will not destroy what we have worked for a decade to achieve. You talked about readiness. I, frankly, believe that if we do not find an answer to this reprogramming on personnel, that we will, in fact, weaken the Army, weaken the Navy back to the point where they were in the late seventies where we talked about a hollow Army and a hollow Navy. So we have a lot of challenges. But I think if we all work in good faith and try to understand each other's problems and help each other where we can, we can minimize the damage that might ensue from emotional decisions. I just appreciate all your efforts to try and work out a sensible approach to this. Mr. Panetta, I will continue to work towards keeping Fort Ord and Fort Lewis operative.

Mr. HEFNER. Mr. Panetta, you mentioned the gutting of the different projects at existing posts. We agree with you. You have a base that has been named a "candidate" for closure. Just because you are a candidate, it does not mean you are going to get elected. The people who are running against us are candidates. But that does not mean they are going to get elected. [Laughter.]

Mr. DeLay?

Mr. DELAY. Thank you, Mr. Chairman. I concur with some of what my colleagues said. Although I think it is well known that there is a big debate about how much to cut in defense and how big the peace dividend is going to be, some of us do not think there is a peace dividend. Maybe you can just tell us some of these rumors. The part that I disagree with my colleague in Washington is that we had breakfast with the Secretary just this morning, and he was telling us what they have proposed. However, it seems that once again this Congress is sort of treating DOD proposals as dead on arrival because it is not a big enough cut in Defense. I do not think I would ever have your job because you have to deal with so many different issues and philosophies while trying to write a budget resolution. But the cuts of what seems to be the majority of your side of the aisle are monumental. Yet no one seems to want their own base closed or they do not want troop reductions at their own base. Cut the other guys. It is an age-old problem we have with the budget no matter if it is Defense or other programs. If you eliminated all the weapon systems, you are not going to get to the kinds of cuts that some are proposing. So your job is monumental.

Mr. HEFNER. Will you yield?

Mr. DELAY. Yes.

Mr. HEFNER. I think if you wanted to be a little bit cynical about it, you could have questioned the motives of naming candidate bases that might be closed.

Mr. DELAY. If you had a mind to run that way, which I do not have. I do not have any bases in my district. You can have all of my installations except my Army National Guard Armorys. We have to have Bingo at the Armory. But if you wanted to be a little cynical, you could have said this looked like it might have been an area where people could have been a little bit self-serving. I do not think that was the case. I would agree that it depends on whose office you speak with, but, you are exactly right. Nobody wants to be hard. But certainly this committee isn't cynical. This Chairman isn't cynical. I am not saying that the Defense Department chose those cuts by party. But, at the same time, some members of this Congress feel very good about cutting bases in the districts of Members of Congress that consistently vote against the defense of this nation. So it works both ways. At the same time, I want to note that there is more Democrats than Republicans in Congress. Therefore, there are more bases in those districts.

Mr. HEFNER. Sounds fair.

Mr. DELAY. But at the same time, the bottom line of the question I am trying to ask is: Can you give us an idea of where the budget committee is going to go?

Mr. PANETTA. I wish I could tell you. What I mentioned to the committee was that we are now in the process of a long series of consultations with the Chairman of the Armed Services Committee and Chairman of the Defense Appropriations Subcommittee as well as with the leadership and many others to try to decide what approach we take. The problem we have, I think, very frankly, is that this really began on the wrong foot when the Secretary threw out a number of $180 billion and said he was going to cut $180 billion off the Defense budget without defining what that meant because people have now spent that 30 times over again in various initiatives of all kinds. I am now confronted not only with that issue, but an issue of a large number of initiatives that people want to implement that we cannot afford. You are right. The peace dividend is not that great, certainly in the first year. Now, again, over a three- to five-year period, depending on what decisions you make the first year, you can pick up some savings. Our approach to this is that obviously the $3.2 billion figure, which is off the baseline, budget talk, that the Secretary recommended, is not sufficient in terms of the overall budget needs and also not sufficient in terms of the decision that need to be made based on the changes that have taken place in the world and the threats that have changed in the world. Whether that number is eight or 10 or 12 or 14, it was at one point recommended 20, very frankly, I think we are dealing now with a broad range of issues. But my approach has been that we need to look at a strategy. We need to see what kinds of decisions we want to make with regards to both the threat in our force structure over the period of the next three to five years. You have to lay that kind of groundwork before you can decide then what path you want to engage in. I mean there are some people that are just reaching for numbers out of the air. You cannot do that. This is too serious a business to simply reach out and say, "Oh, you can cut that. You can do this or you can do that." I have had a lot of that. Every day, I get hit with somebody who says, no, you can just do that much, why can't you. The problem is to define what can be done, meeting our budget needs, but also doing it in a responsible way in terms of our defense needs as well. That is going to take some time. Very frankly, we are moving in the right direction right now with this group. But I suspect that when we get back from Easter recess, that is when I am going to lay down a mark and try to proceed with a budget resolution. I can assure you I will try to do it in a responsible way. Incidentally, just on your remark, I have not said that the Secretary's decisions with regards to defense establishments were politically oriented because, frankly, I think everybody, Republican and Democrat, is going to have to take some hits based on this Defense budget.

Mr. DELAY. This Member has the highest respect for the Chairman. I do not know of a Member of this Congress that does not have the utmost respect for the Chairman and his objectivity and his willingness to work with other Members. I will finish with this. You have outlined very succinctly here the massive problems that you have. It may be a problem that we cannot deal with this year. As you said, it is a major decision for the security of this nation that we should not take lightly or do it in such a time that it hurts the security of this nation. I know the Chairman will not do that. We need to make those decisions next year.

Mr. DICKS. Will the gentleman yield? Are we not faced with Gramm-Rudman-Hollings? We tried to do this in a rational way. But the Gramm-Rudman-Hollings is not rational. It says we have to get down to an X amount no matter what. It does not say because the world events have changed, the strategies changed or doctrines changed. It says you shall get down. Now, it is not going to be 36 billion. It is going to be 42 billion. They say it could be a nine on top of that. I mean that is not rational.

Mr. PANETTA. We are caught in a box right now in two ways, not only what Norm has said with regard to sequestration. But we are also in a box of having to pass a budget resolution so that the Appropriations Committee can then proceed with their marks and get them to the floor. My problem is you have to then make a decision in the absence of having better guidance from the Secretary of Defense as to where we are heading in the five years. So I have essentially had to rely on people like Sam Nunn and others to try to provide some guidance so that whatever number we establish for

1991 allows us the opportunity to make some revisions as we go to the five-year pattern.

Mr. **DeLay**. Let me just say that it is also not rational to meet Gramm-Rudman by placing the burden on the backs of defense. When we take off all the social programs and say hands off there, it is a tough job you have to do.

Mr. **Panetta**. It is a 50/50 deal.

Mr. **Lowery**. Mr. Chairman?

Mr. **Hefner**. Mr. Lowery?

Mr. **Lowery**. I think the observation in terms of the thought in which you approached this enviable job of being Chairman of the Budget Committee is indeed accurate. But do I hear you to understand we are not going to have a budget? We are going to get a mark sometime after that?

Mr. **Panetta**. Our key will probably be to bring a budget resolution to the floor probably just after we get back from Easter, and if we do that, I mean our goal is to try to pass the budget resolution so that by May 15th, the Appropriations Committees can then proceed. Now, I do not know what track the Senate is on, very frankly. I think the Senate may have a much more difficult time.

Mr. **Lowery**. How many days or weeks will we miss the mandated target?

Mr. **Panetta**. The April 15th date occurs during the Easter recess. We will bring it to the floor right when we come back.

Mr. **Hefner**. I do not mean to interrupt. We have two other witnesses, and we are rushed. We can talk about the budget. But that is not Leon's primary purpose for being here. We have two more witnesses, if we will rush along.

Mr. **Panetta**. Thank you, Mr. Chairman.

Mr. **Hefner**. Mr. Swift?

STATEMENT OF HON. AL SWIFT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

NAVY HOMEPORTING—EVERETT, WA

Mr. **Swift**. Thank you, Mr. Chairman. My prepared statement is brief, and with your permission, I will insert that. I have one basic message with regard to the Homeport in Everett, and that is that we have a Navy base there. It is a base in progress. But there is very substantial progress. Over $40 million has already been put in the ground. That is not counting the money to purchase the land and so forth. What is particularly positive about this is that it is on schedule. When I was here last year, I said I had every confidence that this was going to progress as it should; that there were not going to be long delays. And the fact is, it is dead on schedule, progressing very, very well. It is a project that this committee and others have examined with great care over the years. It is a project that the Base Closure Commission studied extensively and reviewed and supported. It is on schedule. It is going well, and I urge you to support the Navy's request for the next fiscal year.

Mr. **Hefner**. The environmental problem at Everett has been resolved?

Mr. **Swift**. They have been completely resolved, and that did require a delay. But once that was resolved, there has been no further delays at all, and there are no further outstanding environmental problems of any kind.

[The information follows:]

STATEMENT BY
CONGRESSMAN AL SWIFT
BEFORE THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION
OF THE
HOUSE COMMITTEE ON APPROPRIATIONS
MARCH 29, 1990

I appreciate this opportunity to give you a progress report on the activities at the Navy Homeport project at Everett, Washington. Dredging for the carrier pier was completed on Wednesday, March 14--exactly on schedule. Site activity now includes installation of the methane venting system, street light foundations, placement of forming for curbs and gutters from the main gate to the intersection, and the placement of electrical cables, rebar and wall forms.The installation of wall hangers, pipe guides and supports is also underway in the utilidor. To date, 126 South Wharf piles and 116 Carrier Pier piles have been put in place.

Other homeport work includes the expansion of the West Marine View Drive roads enhancement project--which continues on schedule--as well as the utility replacement work and the pouring of concrete for curbs, columns and abutment walls for the 21st Street Pedestrian Crossing.

To date, approximately $32.1 million, or 87% of the $36 million site preparation contract has been completed. Over 159,000 workhours have been expended in this effort. Approximately $10.3 million of the in-water $44 million contract package work has been completed with over 22,200 workhours expended.

I want to report with such detail about the work completed and the work still underway to underscore the fact that the Everett Navy Homeport has achieved great progress in the past year. The homeport is a physical reality; construction operations are in full swing, and the planned schedule calls for the pier to be completed and available for use by mid-1992.

For FY 1991, the Navy has requested $22.3 million for continuation of the construction at the Everett Homeport. This figure includes $15.8 million for continuation of the work in progress for the carrier pier, and $3 million for continuing utility work and site improvements.

This has been a well-scrutinized project; by your subcommittee, by the Navy and the Base Closure Commission. The Navy continues to advocate this project as a top priority, even in the face of growing military budget constraints. And the Everett Homeport was extensively reviewed and supported by the Base Closure Commission.

When I testified a year ago, I spoke with optimism about the construction progress I expected the project to accomplish in the year ahead. I am pleased to report to you now that all goals have been met and that the project continues to move forward expeditiously. To reiterate, the Everett Homeport is a physical reality. We are meeting the Navy's goals and the city's expectations. I look forward to working with the subcommittee in the authorization of FY '91 funding for the Navy Homeport.

Mr. HEFNER. Mr. Lowery, any questions? Mr. Dicks?

Mr. DICKS. I just want to commend the gentleman. He has been a forceful advocate. This committee has given strong support to this project. I would just urge my colleagues humbly to stay with it. I think this is a good project. It is going to be one that we will all look back upon as a wise move in disbursing it.

Mr. SWIFT. I would suggest that whenever the gentleman from Washington is humbled——

Mr. HEFNER. You should move ahead with that. That does not come very often. Thank you.

Mr. SWIFT. Thank you very much.

Mr. HEFNER. Our next witness is Major General Evan Hultman, the Executive Director of the Reserve Officers Association. General, we are happy to have you with us today. Your entire statement will be part of the record, and you can proceed in any way you see fit.

STATEMENT OF MAJ. GEN. EVAN L. HULTMAN, AUS (RETIRED), RESERVE OFFICERS ASSOCIATION

RESERVE COMPONENTS

Mr. HULTMAN. Fine. Mr. Chairman, let me at the outset thank you and all the Members of your committee for all the things you have provided for the garden of Reserve, and without you, the state of readiness of this partner, which has become a full partner without any question, certainly would not be what it is today. At the same time, I want to thank all of your staff members for their great support that they give not just to you, but to us in those discussions of consideration. From what I have heard in the last 20 minutes, it is almost what I was waiting for Congressman Panetta and the discussion here, the script, because the items that you have discussed are the exact items have to do with what we are going to do on a drawdown with this mass of people out here who are all volunteers, not draftees, who do not have the same rights as those who did not come forward and put up their hand and who made a contract with the Government of the United States, not individuals in industry. So we think there are some things, and that is not in my testimony. But I would like to at least mention it very quickly and get a copy of that editorial to you because we feel equally concerned. Why? Because for the first time in the history of this nation there is a massive drawdown going to take place in these volunteers with whom we made a contract as a government, and we all understand that, and we agree with it. It is coming on. But we think we ought to at least treat them as we treat others out there in business and in society with some of those same equal rights. We have a suggestion or two to the President which we have indicated to him as the Chief Executive who has the first responsibility on the Executive personnel side, but which the Congress has a key role, too. We believe in what the enlisted representative here, Mack McKinney, said. We ought to be providing that not just for officers or people in the business world and industry, but we ought to be applying it across the board. Secondly, and this has nothing to do with money, this does have to do with the Chief Executive. When we are coming down on one side, we are still going up on the other. You have already appropriated dollars out there for critical programs like DEA, just to use as an illustration. Now, it seems to us we ought to be taking some of these people that are coming down over here for which we have made the great investment and give the other side of government that continues to come up with additional programs and expanding programs for priority needs to use some of that expertise for which we do not have to go recruit with recruiting dollars from the commercial market. We do not have to pay FBI investigations to find out what their loyalty is, which is a very critical and large expenditure when any individual comes into a program.

Mr. DICKS. Did you say give a preference?

Mr. HULTMAN. That is exactly what I am saying, to carry out that contract that we have already made up with them over here. It is smart business for government, and it is smart business for the taxpayer. Thirdly, because we do not have to again—cost of recruiting and then training, et cetera, et cetera. I used just a simple illustration in the drug area. But it applies with Secretaries just as well who are going to go in to where the buildup comes over on the other side of the program. I am going to get a copy to you, if you will allow me to answer that. Now, let me just get two or three observations. A year ago, ROA came before you and your fellow committees because we were concerned about the budget pressures, which has been discussed here, Gramm-Rudman, as was illustrated, and the anticipated changes in the world seen, which were obvious, were taking place, not to the degree that it has happened in the last 30, 60 or 90 days. But we called, as has been indicated here, for three things. All of us have to take a look, first of all, at what that threat is in the changing threat. Then we have to come forward with what the force structure is, and you put it in the law. You said we agree, and in this year, you said to DOD you have to do it. You have to come back here by the end of December this year with that force study totally in order that you can better do an answer some of those basic questions that you have asked.

Mr. HEFNER. General, I hate to interrupt you. We have five minutes remaining on a recorded vote. I can come back.

Mr. HULTMAN. No. I just wanted to say, and I know you will make my entire testimony a part of the record.

Mr. HEFNER. Absolutely.

Mr. HULTMAN. But we feel clearly that again as far as the Reserve side, and not setting the Reserve side out separate, but in your discussion in the drawdown that we cannot do any dumb things in the short run, and I point out an illustration of one here for you, where we are going to take up in Massachusetts a base, which serves the Naval Reserve, just as an illustration. It is the only base in all of New England to serve this function that is in a requirement. At the same time in this year right now, dollars are being spent. On one end, we are going to close the base next year up at Weymouth. Dollars are being spent and are going to be spent in this budget now to build a fire station, a big, big expenditure. Now, I mean there is no sense in closing the base on the one hand if we are going to this year go build a fire station of substantial dollars. Now, I just use that as a simple illustration of what the problems are and why we have to rationally look out here at what the threat is, do that study, what is the force mix that is needed to do it, and then make the decision, as you said here so graphically, not in the interest of my district or my state or of any service. As ROA says, looking and representing all the service, what is in the total interest of this country accordingly? Then do it accordingly. So, in summary, we want to thank you for this opportunity, and we hope you will give this kind of consideration. Thank you.

[The information follows:]

Statement of Major General Evan L. Hultman, AUS (Ret.), Executive Director of the Reserve Officers Association of the United States, for the House Appropriations Subcommittee on Military Construction, concerning Military Construction appropriations for Reserve Forces for Fiscal Year 1991--29 March 1990.

Mr. Chairman and Members of the Subcommittee:

On behalf of our more than 115,000 members from each of the uniformed services, I appreciate the opportunity to address this subcommittee to present the Reserve Officers Association's concerns relating to military construction authorization for the Reserve Components for Fiscal Year 1991.

The Reserve Officers Association expresses its gratitude to this subcommittee for its continuing support of the Guard and Reserve. Without its generous consideration, the readiness of the Reserve Components would not be as high as it is today.

The Congress has repeatedly instructed the Department of Defense to designate a greater percentage of the total military construction request for Guard and Reserve facilities. Under pressure to make budget reductions, the DoD has reduced its military construction request for the Reserve Components to amounts well below the established goal. The add-ons provided by the Congress have been responsible for many desperately needed facility improvements.

The nation has just experienced a decade in which our defense capabilities have been strengthened after a time in which we saw a "hollowing" of our defense forces. The size and capability of our nation's Reserve Forces have increased dramatically since the

1970s. Our total military manpower expanded by 17 percent, due principally to a 36 percent increase in reserve force personnel. The past decade has seen a significant shift of missions and force structure from the active to the reserve components, in large measure to take advantage of the ability of Reservists to perform most missions at a greatly reduced cost.

Fiscal year 1991 may well prove to be a watershed year for our nation's defense. After a decade of growth, our defense forces will probably experience a significant reduction--preferably, a logical "build-down". Having been driven by a Soviet/Warsaw Pact threat for nearly a half century, the cold war is thawing. Change in Eastern Europe and the Soviet Union demand that the nation reevaluate the military threat and respond accordingly.

Much has been written about the changes that are ongoing in the world. The Soviet block, like Humpty-Dumpty, is falling, and the chances are that neither the "king's men" nor Soviet hard-liners will be able to put it back together again. The probability of a major East-West military confrontation has greatly diminished.

While progress in East-West relations is encouraging, the world has become less stable, more volatile as old pacts, old walls and old inhibitions come down. The Soviet sphere of influence is fragmenting and national and ethnic differences are being accentuated. National governments and economies will be hard pressed to meet rising political and economic expectations. The Soviet Union is modernizing, not dismantling, its formidable offensive military capability. A militarily strong America is necessary to provide stability in an otherwise unstable world.

Given the diminished Soviet threat, resulting longer warning times expected, and defense budget constraints, some members of the House and Senate have called for the shifting of missions and force structure from the active to the Reserve Components. Questioned at an Armed Services Committee hearing, Secretary of Defense Richard Cheney stated that the Reserve Forces had increased as a result of the Eastern European threat and that, as a result of the lessening of that threat, the Reserve Components would now have to be reduced. While some argue that forces needed to respond to this changing military threat are best kept in an active component, given the budget realities and the cost-effectiveness of Reserve Components, enhancement of the Reserve Forces must be considered a realistic alternative.

Concerned last year by budget pressures and anticipating some change in the world scene, ROA called for a comprehensive analysis of the evolving threat, the military force structure to counter the threat, and the most cost-effective mix of active and reserve units in the resulting military force. The association applauds congressional actions which directed DoD to undertake a Total Force Study and also called for no budget driven reductions of Reserve forces in FY91 while awaiting the completion of the study. ROA believes that the Total Force Study must include, not only an evaluation of the Department of Defense Total Force Policy, but also future force structure requirements, and the most cost effective mix of active and Reserve forces, needed to counter military threats to national security as indicated in a new net threat assessment by the Joint Chiefs of Staff. Such a study is crucial to the future of the Total Force and we caution against making irreversible and damaging reductions in the interim, such as the proposal to close Naval Reserve facilities at South Weymouth, MA and Detroit, MI by the end of this fiscal year.

It is important to ROA that it not be perceived as opposing all reductions of Reserve Forces. The association is not oblivious to the pressures to reduce defense spending, both as a result of budget constraints and a perceived lessening of the threat, and understands the wisdom of certain reductions. For example, ROA does not advocate keeping support units in the Reserve Components after the force structure being supported has been eliminated. The association also recognizes that there are missions that can be better performed by the active than by the Reserve Components. Changes, including reductions, should be made wisely--after a comprehensive analysis.

Were it not for the unacceptable military construction backlog that has been allowed to grow in our Reserve forces and the fact that low percentages of on-hand Facilities Requirements--notably in the Army Reserve--are negatively impacting readiness, the association might oppose increased spending for Guard and Reserve military construction, pending the completion of the Total Force Study. Given past neglect and the identified requirements needed to support existing commitments, our Reserve components lack the luxury of further delay.

The emphasis in recent years has necessarily been on new facilities to accommodate new and expanded missions. Meanwhile, inadequate facilities have continued to deteriorate. The backlog of construction projects in support of ongoing missions has grown disproportionately. Unless the backlog of deferred military construction projects is attacked aggressively, the reserve components will be unable to meet their total force commitments.

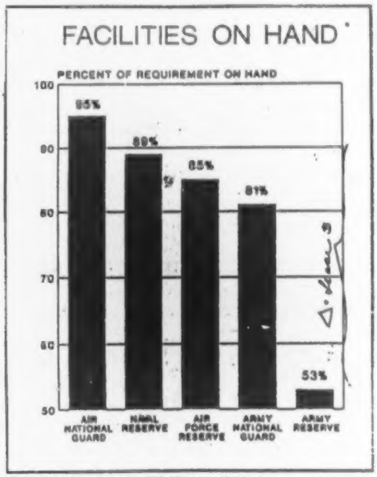
The meeting of commitments is what military construction is all about. Reservists cannot perform, they cannot train and operate, without facilities. In completing the comprehensive Total Force analysis, mandated by the Congress, those doing the study must look at how well reservists have performed, how well they have met their commitments. The record speaks for itself.

During the 1980s, reserve components were an integral part of US involvement in low-intensity conflicts around the globe--operations off the coast of Lebanon, refueling missions during the Libya strike, the Grenada rescue, operations in the Persian Gulf, and, most recently, as a part of operation "Just Cause" in Panama. The reserve components have met the challenges both at home and abroad and have demonstrated their leadership and readiness to get the job done.

ARMY RESERVE

The Army Reserve's Military Construction Appropriation (MCAR) has been suffering from DOD neglect for the past several years.

Neglect that has caused a $2.3 billion construction backlog. Neglect that has given the Army Reserve the dubious distinction of having the lowest percentage of Facilities Requirements on hand (53%) of any reserve component (Chart 1).



*As of Jan 89. Source: OSD (Reserve Affairs)

With the coming reductions in the size of the "Total Army" and the corresponding changes in the Army Reserve, we do see some relief -- possible savings due to potential increased availability of Active Army facilities, Changes in force mix of the components will also have an effect on facilities but not to the degree that would significantly reduce the Army Reserve's facility requirements.

As the Army draws down in size, we anticipate a shift of equipment now in active units to fill requirements in the Army Reserve. Because of the poor facility posture, this new equipment is both a blessing and a problem. The Army Reserve doesn't have enough facilities to properly store, maintain, and utilize the additional equipment to its maximum advantage.

In past years, the short-term answer to the lack of military construction dollar problems has been to lease additional space. This stop-gap measure to support MILCON shortfalls has resulted in a demand for Operation and Maintenance, Army Reserve (OMAR), funds which takes critical dollars from soldier programs. Another drain on OMAR is the potential environmental bill that will have to be paid in order to bring any acquired Active Army facilities up to EPA standards. This hidden cost reduces the attractiveness of acquiring many former Active Army facilities.

The $52.3 million MCAR appropriation request for FY 1991 is most modest by any stretch of the imagination. It supports four new Army Reserve centers, seven major alterations or expansions, one regional medical training site, one regional maintenance training site, and two joint-use Armed Forces reserve centers. These projects, plus several others not included in this year's request are at, or above, 65 percent design and could be awarded this fiscal year. ROA urges the Committee to provide additional funds this year to reverse the trend of deferral and leasing. Your support of this appropriation puts these dollars back to work in Hometown, USA.

AIR FORCE RESERVE

During the past decade and a half, the Congress has provided the modern equipment and the end-strength required to meet assigned wartime and contingency tasking responsibilities. The Air Force Reserve (AFR) is proud of its well-trained, motivated personnel and its outstanding combat readiness.

During 1989, and especially in the major role it played during operation "Just Cause", the Air Force Reserve demonstrated that it could deploy rapidly and efficiently and work and fight side-by-side with active duty counterparts. The volunteerism exhibited by reservists was exceptionally noteworthy. AFR support covered a broad spectrum of combat and support activity, including strategic and tactical airlift, aerial refueling, aeromedical evacuation, gunship surveillance and interdiction and base operations support.

Funding for military construction is urgently needed to support a dynamic and ready Air Force Reserve. The state-of-the-art equipment now being operated by the AFR, requires adequate and timely constructed facilities. The Air Force Reserve is making every effort to upgrade its existing physical plant to support increasing readiness requirements. With a decreasing funding level and an aging physical plant, AFR MILCON backlog continues to grow, directly and negatively impacting readiness. Any further delay only allows prices to increase and will ultimately increase costs.

The FY91 MILCON request of $37.7 million for the Air Force

Reserve is a balanced submission, reflecting decreasing defense dollars, total MILCON requirements and a growing MILCON backlog. The Air Force Reserve is impacted at three of the five Air Force Bases recommended for closure. Affected is the 445th Military Airlift Wing-Associate with 48 C-141s at Norton AFB, California; the 940 Aerial Refueling Group with 10 KC-135s at Mather AFB, California; and the 912 Civil Engineering Squadron at Chanute AFB, Illinois.

We are concerned that the MILCON appropriation for the Air Force Reserve was 35 percent less in FY 1990 than in FY 1989 and that the FY 1991 request is 18 percent less than the FY 1990 appropriation. A net reduction of 53 percent in two years is a dramatic decrease. As ROA has stated many times before, the Air Force Reserve must receive adequate resources to continue to maintain a high state of readiness and perform its combat mission.

The following add-on projects could be executed in the Air Force Reserve FY91 MILCON program. If additional funds can be made available, ROA would urge that these projects be considered for funding.

BASE	PROJECT	COST
Richard Gebaur AFB	Base Steam Plant	$ 3,450,000
Youngstown MAP	Upgrade Jet Fuel Storage	750,000
McChord AFB	Medical Training Facility	600,000
Rickenbacker ANGB	Apron Replacement/Hydrant Repair	19,000,000
Dobbin AFB	Base Civil Engineering Complex	4,000,000
O'Hare ARFF	Aerospace Ground Eqmt Shop/Storage	1,400,000

Grt Pittsburgh IAP	Firing Range	1,350,000
Homestead AFB	Pararescue Operations	1,250,000
Kelly AFB	Aerial Port Training Facility	2,000,000
Youngstown MAP	Widen Aircraft Parking Apron	1,400,000
Andrews AFB	Composite Training Facility	1,400,000
Richards Gebaur AFB	Addn Aerospace Ground Eqmt	450,000
Kirtland AFB	Civil Engineering Training Facility	860,000
Youngstown MAP	Corrosion Control Addition Bldg 302	300,000
O'Hare ARFF	Water Storage/Pump House/Dist Sys	2,450,000
Maxwell AFB	Medical Training Facility	425,000
Hill AFB	Medical Training Facility	425,000
Dover AFB	Medical Training Facility	425,000
Lackland AFB	Medical Training Facility	425,000
O'Hare ARFF	C-130 Engine Test Stand	450,000
Youngstown MAP	ADDN Avionics/Maintenance Shops	1,200,000
O'Hare ARFF	Addn/Alter Mobile Aerial Port Facility	450,000
Andrews AFB	Apron Replacement	20,000,000
Richards Gebaur AFB	Dining Hall	2,850,000
Mather AFB	Sound Suppressor (T-9)	1,000,000
Younstown MAP	Shortfield Landing Strip	5,200,000
	ADDITIONAL DESIGN	7,351,000
	TOTAL	80,801,000

With your continued understanding and support, the Air Force Reserve will continue to provide a superb, cost effective, combat ready fighting force. Exercises and real world contingencies have proved that all AFR units can mobilize in 24 hours and deploy within 72 hours. The AFR is ready, better and stronger than ever before; we ask that you provide the resources to keep it that way.

NAVAL & MARINE CORPS RESERVE

The major facility issue facing the Naval Reserve and the Marine Corps Reserve for Fiscal Year 1991 is the proposed closure of NAS South Weymouth, MA and NAF Detroit, MI. The President's Budget request does not address this proposal with any degree of candor or logic. These two sites are included on this list of 35 domestic military bases released by Mr. Cheney at the end of January as being "under consideration " for closure when, in fact, the Budget request that was released at the same time deleted all the military Full-Time Support (FTS) and drilling Naval Reservists associated with these sites starting October 1, 1990--then only eight months away.

Internal Navy documents have addressed the need to close NAS South Weymouth and NAF Detroit as close to the 1 October 1990 target as possible since the decision to close deleted the associated resources for all of FY91.

ROA is most concerned that this decision is not based on a concurrent decision to reduce the aircraft squadrons and other units of the Naval Reserve and Marine Corps Reserve that are supported by these sites. Such precipitious action would preempt decisions of the Congressionally directed Total Force Study and would preclude meeting the time tables required for orderly and efficient base closure actions. We are also concerned that the closure of these sites will make it extremely difficult, if not impossible, to sustain the Air Reserve Forces of the Navy and Marine Corps of today since, for example, the closure of NAS South Weymouth will result in no training location for these components in all of New England. ROA also notes, with irony, another mark of "professionalism" in the process which would close these locations on October 1, 1990 while also requesting $780,000 to construct a much needed Fire Station at NAS South Weymouth in FY91 as part of the budget request before this committee.

ROA is strongly recommending that Congress restore the $31 million in Reserve Personnel, Navy (RPN) funds and associated personnel required to continue operation of these locations, at least until the results of the Total Force Study can be analyzed by Congress and the Reserve community.

ROA remains concerned over the conditions of Navy and Marine Corps Reserve facilities. Many need replacement. Most were constructed in the 1940's or early 1950's. More than 80 Reserve Centers (almost 40 percent) exceed 40 years of age and are either wooden frame or early forms of preengineered structures. In fact, the average age of all Navy and Marine Corps Reserve facilities is now 39 years. Four of six Naval Air Stations were designed and constructed during World War II. The construction backlog of the Navy and Marine Corps Reserve has increased dramatically in the past ten years. It now exceeds one billion dollars, approximately

40 percent of the current $2.7 billion plant value of existing facilities.

Such old facilities are not only inefficient because they consume excessive Operations and Maintenance funds for maintenance, repair and for energy consumption; but their lack of modernity inhibits training, adversely affects retention by reducing pride and performance of individual Reservists, and has the cumulative impact of reducing mobilization readiness.

The President's Fiscal Year 1991 budget request for the Military Construction Naval Reserve (MCNR) appropriation is for only $50.2 million.

This level is $6.4 million less than appropriated by Congress for Fiscal Year 1990 and $10.7 million less than Fiscal Year 1989. Obviously, funding at such a low level is counter productive to all the other efforts to improve the readiness and increase the proportion of our Nation's military capability that rests in the Reserve forces.

ROA supports approval of those projects included in the FY91 Budget Submission and strongly recommends approval of an additional $25 million which is unbudgeted but executable in Fiscal Year 1991. Only by approving a program higher than the level requested, can Congress hope to reverse the unsatisfactory trend of deteriorating facilities and ever increasing construction back-logs.

The following Naval or Marine Corps Reserve projects either do not require design since they are acquisitions or their design status has progressed to the point where the project can be executed in FY91, if authorization and funding are provided by Congress:

LOCATION	STATE	PROJECT	COST ($000)
NMCRC Billings	MT	Reserve Training Facility	4,700
*NAR Memphis	TN	Logistics Support Facility	1,800
NMCRC Greenby	WI	Reserve Center Addition	600
NAS Glenview	IL	Runway and Apron	3,750
NRC Kearny	NJ	Air Cond. Reserve Center	800
NAS New Orleans	LA	Training Bldg Add	600
*MCRC Marietta	GA	Reserve Center Acquisition	4,300
*MCRC Montgomery	AL	Reserve Center Acquisition	630
*MCRC Fort Worth	TX	Reserve Center Acquisition	1,400
*MCRC Kansas City	KA	Reserve Center Acquisition	4,500
NRC Pasco(Richland)	WA	Lease Buyout	1,400
NAS Dallas	TX	Land Acquisition	600
		TOTAL	25,080

*Marine Corps Reserve Projects

SUMMARY

ROA's position is that while the threat is reassessed and force levels and force mix recommendation are being considered for the future, there are significant Reserve facility shortfalls that should be addressed promptly. After all, the basic elements of each Reserve component will remain in our force mix of the future under any reasonable alternative. Therefore, ROA supports the limited Reserve military construction program in the budget request and strongly recommends the Congress approve as many additional projects as feasible.

Mr. **Hefner**. Thank you, sir. The committee stands adjourned.

[The following statements were submitted for inclusion in the record.]

Statement by Rep. Tony P. Hall
Before the Subcommittee on Military Construction
on the Military Construction Appropriation Act, Fiscal 1991
March 29, 1990

Mr. Chairman and members of the Subcommittee, I am testifying in support of appropriations for three military construction projects at Wright-Patterson Air Force Base, Ohio, which is partially within my district. The three projects, which total $13.931 million, are included in the President's budget proposal.

The first project, for $5.5 million, is for a building to house the School of Civil Engineering and Services of the Air Force Institute of Technology (AFIT). The school offers advanced level technical and management education needed to maintain an Air Force installation. The school is currently located in a converted World War II wood frame facility with inadequate utility support and fire safety deficiencies. The new building is especially needed to provide proper support for computers, which are increasingly used in an Air Force civil engineer education. Moreover, the building is designed to make heavy use of television as a teaching tool, which is intended to reduce costs.

AFIT is experiencing a severe teaching backlog, and is unable to fill the educational demands of the Air Force and other Defense Department agencies. Because of rapidly changing requirements by the Air Force and the Defense Department, particularly in the areas of acquisitions and environmental safety of Air Force installations, the educational needs of the Air Force are increasing. Moreover, in an era of declining personnel levels, remaining Air Force personnel will require greater education to maintain the necessary level of performance. For these reasons, support for AFIT and its School of Civil Engineering and Services is important to the mission of the Air Force.

The second project is a $4.65 million building for the Foreign Technology Division. This building will provide a secure laboratory to examine, test, and evaluate foreign technology and weapons that threaten our combat forces and national defense. This work is currently being performed in an undersized World War II maintenance hangar which lacks the proper security and environmental controls.

The third item is a request for $3.781 million for the Air Force Reserve to upgrade two World War II-era hangars. The upgrade will include installing new utility systems and bringing fire protection up to current standards. These hangars support the Air Force Reserve F-16 squadron stationed at Wright-Patterson.

Thank you for your consideration of these projects.

TESTIMONY OF PHH/HOMEQUITY

SUBMITTED FOR THE RECORD

HOUSE APPROPRIATIONS SUBCOMMITTEE ON MILITARY CONSTRUCTION

FY1911 APPROPRIATIONS

Mr. Chairman, the purpose of our testimony is to familiarize the subcommittee with the Homeowners Assistance Program (HAP) and to describe the services and capabilities private relocation management firms can provide the Department of Defense in support of the Program. As you may recall, the FY90 Military Construction Appropriations Conference Report directed DOD to utilize the private sector in the administration of the HAP Program in those instances where it is demonstrated to be the most cost effective alternative. The Department of the Army has recently solicited bids for services in support of the HAP Program. We believe private sector involvement in the HAP process will be the most cost effective -- and successful -- alternative.

The Homeowners Assistance Program for military and civilian employees has been in existence since legislation in 1964 (PL 89-704) authorized housing assistance for Department of Defense employees when base closings forced a negative impact on area economic conditions and a corresponding devaluation in home prices. The scope of the HAP program has been vast. With the passage of PL 100-526 and Congress' February 1989 finalization of the list of military base closings, the potential impact to HAP has exploded. As many as 20,000 employees, and their properties, will be affected by anticipated base closures.

Under current HAP procedures, management and marketing of displaced civilian employees and service members' homes fall under the jurisdiction of the Department of Housing and Urban Development (HUD). Upon announcement of a base closing, an impact study is prepared for the U.S. Army Corps of Engineers. If the study establishes a negative impact on prices due to the projected base closing, housing assistance under the HAP Program is authorized for military or civilian employees living at or near the base. The HAP Program offers eligible employees three options: Buy-out, Private Sale, or Foreclosure. After a lengthy application and approval process, properties are taken into inventory and marketed for resale by HUD.

HUD's marketing and inventory management process is long and complex. Up until this time, HUD has participated in only one or two military base closings each year. With an estimated current home inventory load of 40,000 to 50,000 homes across the nation, an influx of thousands of additional properties over the next six years -- brought on by the upcoming base closures -- will put an even greater strain on HUD's already understaffed and underequipped operations. HUD's ability to effectively implement a program of this scope will be further impacted by the agency's shrinking budget authority and substantial reduction in staff that has occurred over the last nine years. Recent events within HUD, as well as anticipated changes and restructuring, have the potential to even more seriously detract from HUD's ability to perform effectively under the base closings bill.

The challenges facing the Department of Defense under the base closings bill are not unlike those that private businesses have faced in the ongoing relocation of their employees. Since 1955 the relocation management industry has grown to fifteen companies dedicated to assisting organizations in the disposition of their relocating employees' homes. The number of corporations utilizing third party relocation firms includes a majority of the Fortune 1000.

The passage of PL98-151 in 1983 made the option of using third party relocation management services available to Federal government agencies for their civilian employees. By 1988, more than 75 Federal agencies, including the General Services Administration, Departments of the Army and Air Force, Social Security, FBI and Veterans Administration, had contracted the services of third party firms. Since 1984, more than 25,000 U.S. government civilian employees have been assisted in their relocations by private relocation management firms. Legislation to extend these same benefits to military personnel is now pending in Congress.

With this vast amount of experience, the relocation management industry is well equipped to support the needs of the Department of Defense. Third party companies, by virtue of their private sector status, would be exempt from the many constraints placed upon HUD's ability to move quickly during the marketing and decision making process. In addition, the competitive nature of the third party relocation industry supports development of innovative methods for effective management and disposition of homes, while focusing on the emotional and financial well-being of relocating employees. Benefits accruing from the use of third party services not only pertain to cost control on inventory properties, but savings gained from increased productivity of employees who are relieved of the many burdens of unassisted transfers. HUD services typically do not provide counseling to transferred employees on program procedures, home marketing, or the emotional aspects of relocating. This counseling is the foundation of third party relocation firms.

The Federal government does not need to create another bureaucracy within DOD and HUD to handle disposition of properties resulting from anticipated base closures. Such an apparatus would have to be created within both Departments, because the agencies currently lack both the manpower and the expertise to adequately deal with thousands of base closure-related private properties. The private sector, on the other hand has the expertise, manpower and supplier networks capable of supporting that task. Private sector involvement in the HAP process will result in reduced property inventory time, increased control and overall reduction of costs to the Department of Defense.

I encourage the Subcommittee to continue its efforts in promoting private sector involvement in the HAP Program.

Respectfully Submitted,

Sam H. Wright
PHH Corporation

STATEMENT BY
REPRESENTATIVE DAN GLICKMAN
BEFORE THE SUBCOMMITTEE ON MILITARY CONSTRUCTION
MARCH 29, 1990

I appreciate the opportunity to appear before you today to call your attention to two very important projects needed at McConnell Air Force Base in Wichita, Kansas. As you know, McConnell is the home of the 384th Bombardament Wing, one of four B-1B Bomber units in the Air Force. The facilities to accomodate the B-1B Bomber at McConnell are first rate. However, the facilities to accomodate the men and women who work at the base are old and dilapidated. Improving the buildings where these men and women work and live should be a top priority.

The first project is a 400-room airmen's dormitory to provide basic, decent living quarters for permanent bachelor enlisted personnel. These men now live in substandard housing; it's old, overcrowded, and uncomfortable. Men are doubled-up in tiny cinderblock "cells" that do not meet minimum space criteria set by the Air Force. There is no privacy, and efforts to make these dorms livable have been undertaken by the men themselves, often at their own expense. Heating, cooling, and plumbing problems are constant. Some men have refused to live in on-base substandard housing and have moved off base, requiring the Air Force to pay a BAQ allowance to compensate them. In addition to cost, McConnell is having a difficult time keeping enough men on-base to carry out day-to-day functions or to respond to an immediate crisis because available housing is so poor. For the sake of morale, base security, and efficient use of resources, this dorm is badly needed. The projected cost is $9.2 million.

The second project is a consolidated education center. The Air Force "Off-duty Education Program" was established to offer college level courses on base to personnel working toward undergraduate and graduate degrees. McConnell has one of the best programs in the Air Force, drawing professors from several local schools. Currently, courses offered to airmen and other base personnel are conducted in two Korean War vintage "semipermanent" wooden buildings that were originally dormitories. These buildings are poorly insulated, structurally deteriorating, and increasingly require higher levels of maintenance and repair.

Other education functions, including the library, education programs in race relations, drug and alcohol abuse, literacy, and management, are scattered in available spaces across the base, making it very difficult to coordinate these programs. No other facility exists on the base that could house these education functions. Again, this project addresses the quality of life at McConnell, which has taken second place to facilities for the B-1B. It is my first priority to improve the conditions for McConnell personnel and their families. The cost of this building is $3.3 million.

I know that I have been here before and I want to thank the Chairman for his assistance in the past. These projects help tremendously to improve the quality of life for the men and women at McConnell. Thank you.

TESTIMONY OF CONGRESSMAN JIM JONTZ

5TH CONGRESSIONAL DISTRICT OF INDIANA

BEFORE THE HOUSE APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION

THURSDAY, MARCH 29, 1990

Thank you for giving me the opportunity to testify today before the House Appropriations Subcommittee on Military Construction in support of funding for Grissom Air Force Base (GAFB) in Peru, Indiana.

It is a privilege to represent the military and civilian personnel on the Base who serve our country and to assist the Base in meeting its current mission.

Grissom serves as the base of operations for the 305th Air Refueling Wing of the Strategic Air Command (SAC). The 305th Air Refueling Wing played a vital role in supporting Operation Just Cause and assists in maintaining our ability to project air power throughout the world. Grissom is also one of several forward operating bases for the National Emergency Air Command Post (NEACP).

Originally constructed in 1942 as a Navy pilot training base, Grissom was deactivated in 1946 then reactivated in 1954 as an Air Force base. Many of the structures on the Base reflect the fact that the two periods of greatest construction activity were during wars which put a higher priority on the speed of construction than the durability of the buildings being built. The airfield facilities on the base are in good shape, but support facilities have been neglected. This Committee has been helpful by appropriating funding for a Traffic Management Facility in Fiscal Year 1989, and for a new Wing Headquarters and wastewater treatment plant in Fiscal Year 1990.

Despite the much appreciated attention of this committee, and an active, well-managed self-help program on the Base, there remain several needs which can only be addressed through further appropriations. The most pressing need is for the renovation of a Korean War vintage dormitory known as Building 331.

Housing for unmarried service personnel at Grissom consists primarily of six dormitories constructed in 1956. Five of the six dormitories were renovated in 1983, but Building 331 was left for a later date. As a consequence, Dormitory 331 is lacking many of the basic efficiencies of the other five dormitories. I am requesting the Committee to appropriate $2.5 million to bring Building 331 up to the same standards as the other five dormitories.

Building 331 has no insulation, period. Its cinder block construction with large windows was designed to provide shelter, not save energy. As a consequence, it is far less energy efficient than its modernized neighbors which were improved with interior and exterior insulation and provided with smaller, energy efficient windows.

The lack of insulation magnifies another deficiency in Building 331 -- it has no central heating/air conditioning system. It is currently heated by a "single pipe" steam system that does not allow for individual climate control in each room. The radiators in each room are fed by exposed piping wrapped with deteriorating insulation which is currently being tested for the presence of asbestos. Keeping individual rooms warm is a constant problem. Each winter, the Air Force offers personnel the option of temporarily insulating their windows with heavy plastic but most use space heaters despite the fact that the heaters threaten to overwhelm antiquated electrical wiring in the building. In the summer, individual air conditioners are installed in each room, further taxing the circuitry.

Building 331's electrical system has not been significantly improved since the building's construction nearly 35 years ago, while the demands on it have increased substantially. The average room in the dormitory has only three sockets, which leads service personnel to use multiple plugs in order to accommodate lights, radios and televisions, clocks, and space heaters. Dormitory supervisors report that power outages, due to blown circuits, occur several times each month, especially on weekends when usage peaks.

These deficiencies lead to general living conditions in Building 331 which are significantly worse than in the other dormitories and worse, I think, than should be acceptable. The interior walls are cinder block with no wall covering. Brown metal lockers are used instead of closets. Bathroom fixtures and tiling are original to the building and lighting is at a minimum since electrical outlets are scarce. Since their renovation, the other five dormitories have been the focus of a number of self-help projects which have further improved the aesthetics of the buildings. Building 331 does not lend itself to this kind of minor renovation.

The $2.5 million I am requesting for the renovation of Building 331 would solve the above problems. The building would be made more energy efficient through modernized exteriors and interior insulation; centralized heating/air conditioning will allow for individual room controls and result in greater efficiencies not only in energy but in the use of the building's electrical capacity; rooms will receive an interior finish; and modern wiring will avoid power outages while allowing service personnel the opportunity to enjoy the modern appliances which are afforded their colleagues in other buildings.

A key to the Air Force's continued preparedness is the ability to attract and retain skilled and highly qualified technical personnel -- personnel whose skills make them very attractive to the private sector. Surveys conducted at Grissom and by the Department of Defense suggest that the quality of living space to which service personnel are assigned figure heavily into their decisions to reenlist.

Yours is not an enviable task and I recognize that you face many competing demands to match a decreasing number of dollars with an increasing number of requests. We share the goal of maintaining an effective defense by making sure that every defense dollar is well-used. I believe that the request I have made today will maintain Grissom's role in the Strategic Air Command by helping it retain the trained personnel who are so necessary to its mission.-

I hope you will give this request every consideration as you review the Fiscal Year 1991 budget. Thank you for your time and the opportunity to speak on behalf of Grissom Air Force Base today.

TESTIMONY OF CONGRESSWOMAN BARBARA BOXER ON MILITARY CONSTRUCTION PROJECTS AT MARE ISLAND NAVAL SHIPYARD

Subcommittee on Military Construction
House Appropriations Committee

March 29, 1990

Mr. Chairman, there are a number of projects pending at Mare Island Naval Shipyard in Vallejo, California, for which I ask the Committee's assistance. Some of these projects I have brought to the Committee's attention in previous years. I will explain them briefly.

1. NAVY HOUSING

Last year I had asked that the Navy accelerate an effort to begin construction of 300 units of additional Navy housing at Mare Island, where there is a critical shortage. Unfortunately, no funds were made available for that construction, so I again ask that sufficient funding be appropriated to permit construction of 300 units of housing at Mare Island in FY 91.

2. NAVAL ELECTRONICS ENGINEERING CENTER

As I also testified last year, the Naval Electronics Engineering Center at Mare Island is in need of a laboratory test facility to service Extra High Frequency Satellite Communications. The purpose of the project is to facilitate satellite communications for the fleet.

The current test facility consists of World War II vintage cement bunkers and is totally inadequate.

I ask the Committee to urge the Navy to complete the engineering design work on this project in this fiscal year to permit the facility to be built and occupied by October, 1992.

3. MARINE CORPS BACHELORS ENLISTED QUARTERS

As you are well aware, the threat of terrorism world-wide is still with us. One of the two anti-terrorist training programs in this country is located at Mare Island Naval Shipyard. A project to construct a barracks and training facility to house and train the Marine volunteers involved in the program is needed. I ask the Committee to direct the Navy to continue the engineering work to permit construction of this facility in fiscal year 1992.

4. MARE ISLAND ENTRANCE ROAD REALIGNMENT

Several years ago the Navy reached an agreement with the city of Vallejo to pay its share of the costs of realigning a number of streets within the city of Vallejo in the vicinity of the main gate of the shipyard. The city of Vallejo is continuing with its schedule to realign the streets involved, but needs the cooperation of the shipyard to enable the project to proceed as scheduled.

The project involves changing the point at which vehicles enter the shipyard. Currently, they travel through the often congested downtown area of the city. The realignment will provide for entry from an off-ramp from a state highway, thus eliminating a source of traffic.

I ask that the Committee urge the Navy to complete the engineering phase with the intention of authorizing and appropriating funds for the project by October, 1992 as per the agreement between the Navy and the City.

5. FIRE STATION

Mr. Chairman, next on my agenda is the matter of the fire house at Mare Island. We have been able, with your help, to bring the new fire house project to the award stage with the contractor ready to proceed. However, the Navy could not find a contractor who could accomplish the work with the funds available and has requested a reprogramming for the additional funds necessary.

Unfortunately, the project is being held up by the Administration as a result of a decision by Defense Secretary Cheney to freeze all contract awards until April 30. I urge that the reprogramming request be approved as soon as that is possible.

6. COMPUTER BUILDING

For a number of years, I have described to you the deficiencies in the shipyard's computer and automated data processing equipment, which is contained in a cramped, 70-year old warehouse. Working conditions are deplorable and upgraded facilities are urgently needed.

The cost of the project has been reduced from approximately $13 million to $9 million. That is a rarity in my experience and for that reason alone, I believe this project deserves support.

Last year, though the project was endorsed by the House Armed Services Committee, nothing has been done. I would appreciate you directing the Navy to accelerate the design phase of this program so we can authorize and appropriate funds in next year's budget for construction.

7. HAZARDOUS/FLAMMABLE STORAGE BUILDING

As you know, the clean-up of hazardous materials at military installations is a top priority and Mare Island is no exception. The shipyard needs a hazardous/flammable storage building to effectively store and control such materials. I would like the Committee to press the Navy to proceed with this project and to accelerate the construction schedule so that it can be funded in FY 1992.

Mr. Chairman, I appreciate the efforts and support of the Committee to see that these projects, of great importance to my constituents, receive timely and adequate attention from the Navy.

THURSDAY, MARCH 15, 1990.

BASE CLOSURE

WITNESSES

OSD

DAVID J. BERTEAU, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE (PRODUCTION AND LOGISTICS)

ARMY

BRIG. GEN. WILLIAM A. STOFFT, USA, DIRECTOR FOR MANAGEMENT DIRECTORATE, OFFICE OF THE CHIEF OF STAFF

NAVY

REAR ADM. JACK BUFFINGTON, USN, DIRECTOR, SHORE FACILITIES DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

AIR FORCE

JAMES F. BOATRIGHT, DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS)

STATEMENT OF THE CHAIRMAN

Mr. HEFNER. The committee will come to order.

Today, we will be discussing base closure and realignment for each of the Services. The discussions will cover those recommendations of the Base Closure Commission, and the new candidates for closure and realignment announced by Secretary Cheney on January 29, 1990.

We have with us today Mr. David J. Berteau, Principal Deputy Assistant Secretary of Defense; General William A. Stofft of the Army; Admiral Jack Buffington of the Navy; and Mr. James Boatright of the Air Force.

Gentlemen, it is good to have you here once again today. Your entire statements will be a part of the record. You can summarize and proceed in any way that you see fit.

STATEMENT OF MR. BERTEAU

Mr. BERTEAU. Thank you, sir.

I have just a few comments I would make. I will be very brief. As you know, we have to begin significantly reducing the size of our forces. Therefore, we must reduce the number of bases that support those forces. The Secretary and the Department of Defense are balancing our base and force structures in order to responsibly reduce the budget.

In that context, Secretary Cheney recently announced proposals for additional base closures and realignment. Thirty-five of these are in the U.S. and 12 of them are overseas.

Those that are domestic installations and activities are currently undergoing the studies and evaluations required by Section 2687, Title 10, which has six things that we need to study and report on with respect to each installation.

Candidates for closure were nominated based on both potential force structure reductions and on management efficiencies connected with the Defense Management Report and other things.

As you know, the strategic and budgetary situation is going to continue to evolve. We would expect that that evolution will bring about further recommendations for closures and realignments. We know that we have to maintain a forward deployed military presence, but the global and regional trends will clearly make it possible for us to propose and adjust some of our overseas installations as well.

We had a few overseas bases in this year's closures. We expect there will be a number of additional overseas closures and realignments that will come out as a result of the conventional forces in Europe negotiations once they are completed. In addition, we have got some discussions underway with respect to the Pacific, which the Secretary reported on after his trip back from over there.

Those closures will be substantial, but obviously we are not in a position where we can begin talking about specific ones, and particularly in open testimony. However, because less than 30 percent of our major installations are located overseas, closing overseas bases alone is not the only answer.

We also can anticipate some additional domestic proposals for closure as we strive to reduce the defense budget. In order to do this, the Secretary has submitted legislation that would help streamline the process. My testimony goes into some detail on that.

I will leave that stand for the record. With respect to the 86 base closures recommended by the commission, the 1986 closures from the commission, which were enacted into law and approved last year, we have given you the justification on the initial dollars that we are going to spend from the base closure account, the $500 million for fiscal year 1990 and our $917 million request for fiscal year 1991.

The base closure account gives us the first necessary steps towards implementing the program that eventually will save us over $700 million a year. Basically we have, if I can summarize, and leave the detail for the record, about $3.4 billion in expenditures from fiscal year 1989 through fiscal year 1995, to execute all the required actions associated with those closures.

During that same time frame we are going to get about $2.6 billion in savings, mostly from the O&M account and the military personnel account. We also hope to get land sale proceeds of about $2.3 billion. When you add all that up, by fiscal year 1995 it will save about $1.5 billion from those 86 base closures, but the net savings don't start to outweigh the expenditures on an annual basis until fiscal year 1993. We have considerable detail that backs those numbers up.

We are fully committed to the environmental clean-up with the closing installations. In fiscal year 1991 all the clean-up cost will be funded either from the Environmental Restoration Account or from other accounts within the Services, Military Department O&M accounts primarily.

For expenditures from the environmental restoration account, we follow something called the worst first policy where we essentially follow the same procedure that Superfund follows for the private sector. We are estimating about $150,000,000 worth of environmental clean-up at the closing bases being funded out of that account up through 1995.

There is about another $350,000,000 of clean-up costs that we expect will be funded out of O&M accounts, and there are still studies to be done because we haven't captured all the clean-up costs associated with all of these closing bases. So that is just what we currently have through 1995.

Base closures present us with some of our best opportunities to save money, obviously. We have to build on the spirit of cooperation we achieved last year with the base closures. Clearly, though, with reducing budgets, with declining force structure, with changes in the threat, we need to press on with the future decisions and tough decisions that we know are ahead, and be able to put our best effort there and wind up with a base structure that supports what we need to have but no more.

Mr. Chairman, I would be glad to stop at that point. I think each of the services has a very brief opening comment they would like to submit as well.

[The prepared statement of Mr. Berteau follows:]

STATEMENT BY

MR. DAVID J. BERTEAU

PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE

PRODUCTION AND LOGISTICS

BEFORE THE

MILITARY CONSTRUCTION SUBCOMMITTEE

OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ON

BASE CLOSURES

MARCH 15, 1990

NOT FOR PUBLICATION
UNTIL RELEASED
BY THE HOUSE
APPROPRIATIONS
COMMITTEE

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Introduction

It is my pleasure to be here today to discuss the Department of Defense base closure initiatives. Two years ago Congress and the Department joined hands to break the base closure logjam and to realize what the GAO has called significant savings. Our current efforts to evaluate additional candidate installations for closure or realignment are equally as important. Current budget realities and the dramatic developments we are seeing in Eastern Europe underscore the importance of streamlining the Department of Defense. We must begin significantly reducing the size of our forces, and therefore must reduce a number of bases that support those forces. The Department is committed to balancing our base and force structures in order to responsibly reduce the Defense budget.

Secretary Cheney's Recent Announcement

Secretary Cheney recently announced proposals for additional base closures and realignments. This was a logical follow-on to the successive five year decline in the Defense budget, to his earlier decision to reflect a 2% per year real decline in Defense spending through FY 1994, and to the changing threats resulting from the dramatic developments in Eastern Europe. Secretary Cheney asked the Services to evaluate their basing requirements, both here and overseas, as they anticipated changes in their force structure. The list of installations announced by the Secretary as candidates for closure or realignment resulted from that request. The domestic installations and activities are currently undergoing the evaluations required by section 2687 of title 10, United States Code and by the National Environmental Policy Act (NEPA).

The Services nominated candidates based on management efficiencies recommended by the Defense Management Report (DMR) and similar studies, and on potential force structure reductions. For instance, the Army, in conjunction with the DMR, is significantly streamlining both the Army Materiel and Information Systems commands to save over 1500 military and civilian spaces. The Navy, in response to the decreasing threat, is projecting a decrease in the required number of air wings and the supporting training structure. They are therefore considering closing both the El Centro and Chase air facilities. The Air Force has similarly determined that the threat allows for a decrease in the number of in-theater reconnaissance forces. The corresponding reduction in training requirements means retiring some RF-4C aircraft at Bergstrom AFB. The remaining aircraft at Bergstrom can be consolidated with training aircraft at other installations.

At overseas locations the closures are similarly driven. For instance, missions performed by the communications stations at Nea Makri, Greece and San Miguel in the Philippines can be absorbed by and performed at other installations. The INF agreement in Europe allows the drawdown of our forces at installations like RAF Greenham Common in the UK. These are but a few examples of how we have arrived at where we are today, trying to balance our force and base structures.

I would also note that the strategic and budgetary situation continues to evolve. This evolution may bring about further recommendations for closures and realignments. While we must continue to sustain a strong, forward deployed military presence overseas, global and regional trends make it possible for us, in consultation with our allies, to adjust some of our overseas facilities. Additional overseas closures and realignments will clearly be forthcoming once the Conventional Forces in Europe negotiations are completed. However, because less than 30% of DoD's major installations are located overseas, closing overseas bases is not the panacea some believe. We can also anticipate additional domestic closures as we strive to reduce the defense budget responsibly.

Proposed Base Closure Legislation

The study and decision process for the proposed additional base closures and realignments is primarily constrained by the Congressional restriction concerning when decisions can be announced, and by the lengthy public consideration required by the National Environmental Policy Act (NEPA) to evaluate the environmental impacts of closing a base. Consequently, the Administration has submitted legislation to streamline the base closure process: by allowing Congressional notification at any time; by eliminating waiting time; by waiving the procedural requirements of NEPA for base closure decision making, but not for environmental clean up, property disposal, or relocating activities; by delegating GSA's property disposal authority to the Secretary of Defense; and by establishing a permanent base closure account.

This legislation will aid substantially in the prompt, effective restructuring of the military base infrastructure.

Congressman Aspin has recently filed proposed legislation --H.R. 3908-- to form a base closure commission for these new closures and realignments. We oppose this legislation for four reasons: base closures are an Executive Branch function that is most effectively left to the Secretary of Defense, who has the responsibility to manage the Department's base structure; a commission can not be as expert as the Military Departments and Joint Chiefs of Staff in dealing with the complex issues of threats, national military strategy, forces, forward deployments, mobilization plans, and treaties; a commission could not provide the essential flexibility to respond effectively to the rapid changes we are experiencing; and, the timeframes provided in Mr. Aspin's proposed legislation are unrealistic.

Implementing The Commission's Recommendations

I'd like now to turn to the base closures and realignments that resulted from the Base Closure Commission's work. We've made significant progress in implementing the recommendations of the Commission. This is the Department's first real opportunity to present a comprehensive implementation and financial plan for these closures. The initial $500 million funding for the Base Closure Account in fiscal year 1990, coupled with our $917 million request for FY 91, are the first necessary steps toward implementation of a program that will eventually generate annual recurring savings of over $700 million.

FY 1991 Budget Request

Table One depicts our FY 91 base closure account budget request by major spending category.

TABLE ONE

FY 91 Base Closure Account Budget Request

	($M)
Military Construction	670.6
Family Housing	
Construction	38.5
Operations	.4
Operation and Maintenance	131.9
Military Personnel	13.9
OTHER	50.2
Homeowners Assistance Program	11.0
TOTAL	916.5

Items of note within the FY 91 request are medical construction projects at Fort Gordon, Fort Jackson and Cannon AFB requiring $7 million, and non-appropriated fund projects at Fort Myer and Hickam AFB requiring almost $11 million from the Base Closure Account. While the Commission did not anticipate a requirement for additional medical facilities, thorough evaluations performed by the Services and the Defense Medical Facilities Office confirm these requirements. The Commission did recognize the need for additional non-appropriated fund facilities in the National Capital Region. Further analysis of non-appropriated fund requirements also confirmed the need for other projects.

Of the total $916.5 million requested, the Air Force will receive almost $426 million, the Army almost $364 million, and the Navy about $116 million. These amounts are higher than those forecast by the Department last year. Those estimates ($500 million in FY 90 and FY 91) were derived before the Commission issued its report. Greater detail, including project level data, is contained in the Department's budget justification which was submitted to the Congress two weeks ago.

FY 1989-FY 1995 Base Closure Financial Plan

Overall, this first round of closures will require $3.4 billion in base closure expenditures between FY 89 and FY 95 to execute all the required actions. During that same time frame, however, the Department will realize $2.6 billion in savings, primarily in the Operation and Maintenance and the Military Personnel accounts. We also hope for land sale proceeds of $2.3 billion between now and FY 95. During execution, therefore, the taxpayer can expect to realize a net gain of $1.5 billion by FY 95. Savings do not begin to outweigh costs on an annual basis, however, until FY 93.

Table Two depicts the total base closure costs and savings for each year of the program, including funds reprogrammed during FY 89.

TABLE TWO
TOTAL BASE CLOSURE PROGRAM COSTS and SAVINGS
($M)

	FY89	FY90	FY91	FY92	FY93	FY94	FY95	Total
COSTS:								
Military Construction	83.8	405.5	670.6	778.1	363.5	-	-	2301.5
Family Housing								
Construction	-	-	38.5	2.6	-	-	-	41.1
Operations	2.5	.4	.4	.4	.1	-	-	3.8
Operation and Maintenance	26.4	56.9	131.9	131.3	238.2	153.7	40.7	779.1
Military Personnel	-	6.2	13.9	17.0	15.3	6.5	-	58.9
Other	-	11.0	50.2	61.7	23.1	16.7	9.9	172.6
Homeowners Assistance Program	-	20.0	11.0	11.0	14.0	-3.0	1.0	54.0
TOTAL COSTS	112.7	500.0	916.5	1002.1	654.2	173.9	51.6	3411.0
INGS:								
Military Construction	83.8	16.8	16.9	108.5	108.6	108.6	108.6	551.8
Family Housing								
Construction	-	12.6	16.9	8.5	9.7	11.3	3.5	62.5
Operations	-	-	15.0	22.1	23.5	63.6	69.2	193.4
Operation and Maintenance	-	6.5	48.3	78.7	118.6	271.2	318.6	841.9
Military Personnel	-	-.5*	25.4	77.0	191.8	305.7	310.8	910.2
Other	-	.5	.5	.7	.9	4.9	8.4	15.9
Civilian End Strength	-	-	(374)	(381)	(2886)	(5588)	(6110)	(6110)
Military End Strength	-	-	(2549)	(2745)	(7480)	(8982)	(9259)	(9259)
TOTAL SAVINGS	83.8	35.9	123.0	295.5	453.1	765.3	819.1	2575.7
REVENUES FROM LAND SALES	-	-	-	86.3	335.8	506.7	1411.7	2340.5

* Represents increased Military Personnel costs

The Base Closure Account will only be used for the one-time implementation costs associated with the Commission's base closure and realignment recommendations. While these costs may seem high, we must remember that we are not reducing our force levels with this first round of closures. Instead we are consolidating our operations. This requires building new facilities, and moving personnel and equipment to receiving bases.

Greater detail on the program's costs, savings, and other associated figures are contained in the Department's budget justification which was submitted to the Congress two weeks ago. This justification contains the complete FY89-FY95 base closure financial plan.

Environmental Cleanup

The Department is fully committed to the clean-up of each closing installation. In FY 1991, all environmental clean-up costs will be funded from either the Defense Environmental Restoration Account (DERA) or the Military Department's Operation and Maintenance appropriations. We will continue to follow the worst-first policy for use of the DERA account. While studies are not complete, we are estimating about $500 million in total environmental clean-up costs through FY 95, of which about $150 million will be eligible for DERA funding. Detailed estimates are included as part of the base closure justification.

Environmental studies are underway and we anticipate completing most of them this year. Community reuse plans are also ongoing. When both are complete, we can balance the anticipated reuse with the necessary cleanup and derive better estimates of costs.

GAO Review of the Commission's Recommendations

The Commission's recommendations have been exhaustively reviewed by the General Accounting office. Their November 29, 1989, report affirmed the soundness of the methodology used by the Commission to identify candidate bases and to estimate costs and savings. The GAO report, viewed in its entirety, substantiates the tremendous accomplishment of the Commission. Their findings confirm that even with their own views of the estimates, the annual savings are substantial. Some supporters of individual closing bases have alleged the Commission made "serious mistakes", but the Commission did not. The Department's February 28, 1990, response to the GAO report definitively puts those allegations to rest. We must now concentrate on implementing all these actions as required by law.

Conclusion

In summary, base closures present us with some of our best opportunities to save valuable Defense resources and taxpayer dollars. We need to build on the spirit of cooperation achieved during the initial base closure effort, and press on with the tough future decisions we know are ahead. The American people demand and deserve our best effort.

Mr. HEFNER. General Stofft?

STATEMENT OF GENERAL STOFFT

General STOFFT. Thank you, sir. Mr. Chairman, members of the committee, it is a pleasure for me to appear today to present the Army's view of the base realignments and closures and how we believe they fit into the vision of the Army's future shared by our leaders.

With me today is Brigadier General Bob Rosenkrantz of the Office of Deputy Chief of Staff for Operations and Plans, who is prepared to talk of force structure in some detail.

The recent dramatic changes in Eastern Europe and the Soviet Union, coupled with budget realities drive and support the shaping of both the Army's active and reserve components into a total force, which will be both smaller and versatile. It will also be trained and ready to discharge the missions assigned to us.

We decided to reduce the size of the total force in order to protect quality and readiness in the 1990's. We envision an end state in the mid 1990's in which our force structure and overseas presence are substantially reduced. The base realignment and closure round one, Public Law 100-526 and round two both fit into this.

The Army's 1992 budget submission will be the first opportunity to focus on our planning for the force and installations outside the United States, depending on the success of the conventional forces in Europe treaty negotiations.

Our purpose, therefore, is to mold a force and its supporting infrastructure to defend against a changing threat. In doing so, we will proceed in a manner that is prudent and controlled, always ensuring we maintain the Army's mission capabilities, protect soldier quality, maintain modernization time lines and ensure flexible and expansibility in our base strategy.

In developing the January installations proposals, the Army employed multiple criteria to ensure that the specific installations proposed for closures or realignment reflected our strategic plan, the new force mix and the support needed for more U.S. troops based overseas—fewer U.S. troops based overseas.

Unlike round one recommendations, these proposals require and will receive significant further study and analysis prior to the formal decision-making. In deciding which divisions to cut in round two, the Army examined the range of criteria, but primarily we are dividing by three: contribution to the end state Army, contribution to the current family of war planes, and reversibility and expansibility.

Mr. Chairman, in summary, we will execute fully the commission's recommendations for round one. We will continue to evaluate proposals put forth on January 29 and execute those in a strategically sound and fiscally prudent manner.

Finally, we will balance all the currently announced initiatives against our continuing missions and responsibilities. I wish to assure the members of the committee that as the Army transitions to a smaller total Army, it will still be an Army of quality people and quality facilities, modernized and ready to meet the levels of responsibility so valuable to our nation.

Thank you.

[The prepared statement of General Stofft follows:]

RECORD VERSION

STATEMENT BY

BRIGADIER GENERAL WILLIAM A. STOFFT

DIRECTOR OF MANAGEMENT

OFFICE OF THE CHIEF OF STAFF, ARMY

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

SECOND SESSION, 101st CONGRESS

BASE CLOSURES

15 MARCH 1990

NOT FOR PUBLICATION
UNTIL RELEASED
BY THE HOUSE
APPROPRIATIONS
COMMITTEE

BRIGADIER GENERAL WILLIAM A. STOFFT

Brigadier General Bill Stofft was born in Minneapolis, Minnesota, on 22 May 1937. Upon completion of the Reserve Officers Training Corps curriculum and the educational course of study at the State University of South Dakota, he was commissioned a second lieutenant and awarded a Bachelor of Science degree in History. He also holds a Master of Arts in History from New York University. His military education includes completion of the Armor Basic and Advanced Officer Courses, the United States Army Command and General Staff College, and the United States Army War College.

He has held a wide variety of important command and staff positions culminating in his current assignment as Director of Management, Office of the Chief of Staff, Army. Other key assignments held recently include Chief, Military History, Office of the Deputy Chief of Staff for Operations and Plans, and Assistant Deputy Commandant of the Command and General Staff College.

General Stofft served in a variety of interesting career building assignments preparatory to his most recent duties. In addition to two tours in Vietnam, he was an author and instructor for Strategic Studies at the Command and General Staff College after which he commanded the 16th Basic Training Battalion at the United States Army Armor Center. Transferred to Washington, DC, he served as an action officer for the Review of Education and Training for Officers in the Office of the Chief of Staff, Army.

Awards and decorations which General Stofft has received include the Legion of Merit with Oak Leaf Cluster, the Bronze Star Medal with "V" Device and two Oak Leaf Clusters, the Meritorious Service Medal with Oak Leaf Cluster, three Air Medals, the Joint Service Commendation Medal, and the Army Commendation Medal with Oak Leaf Cluster. He also wears the Combat Infantryman Badge, the Parachutist Badge, and the Army General Staff Identification Badge.

He and his wife, Patricia, have three children: Elizabeth Ann; William B.; and Pamela Lynn.

BASE REALIGNMENT AND CLOSURES:
STATIONING THE ARMY OF THE FUTURE

INTRODUCTION

Good Morning, Mr. Chairman. I am Brigadier General Bill Stofft, Director of Management, Office of the Chief of Staff, Army. I sincerely appreciate the opportunity to share with you the Army's view of Base Realignments and Closures and how they fit into the Army Secretary and Chief of Staff's vision for the future. This is fundamental and important. We are reshaping an Army and its base structure to maintain Army mission capabilities, protect soldier quality, maintain modernization, and ensure flexibility and expansibility. I would like to address two distinct sets of Base Realignment and Closure initiatives which, when combined, will produce a radically different basing and installation support scheme from what we know today. The first initiatives are those recommended by the Defense Secretary's Commission on Base Closures and Realignments on 29 December 1988 and mandated by Public Law 100-526. The second set of initiatives reflects the base realignment and closure proposals associated with the force structure reductions announced by the Secretary of Defense on 29 January of this year. These are important issues for our Army, especially for the soldiers, families, and civilians who work at these installations as well as the splendid neighboring communities in which these bases have developed.

We are committed to prompt, thorough, thoughtful, and resolute action in these proceedings to minimize the turbulence on the soldiers, the civilian work force, and the communities and to maximize the support and assistance to all involved. To place these proposals in context, we need to discuss both actions merged into one strategic plan.

BASE REALIGNMENT AND CLOSURES: ROUND ONE

On the 29th of December 1988, the Congress and the Department of Defense entered a new era of cooperation in the ongoing effort to streamline the Defense Department's daily operations and increase its operating efficiency. In accordance with the provisions of Public Law 100-526, the SECDEF's Commission on Base Closures and Realignments delivered its final report to the SECDEF who in turn forwarded it to Congress for approval. The House voted overwhelmingly to allow the Commission's recommendations to stand by a margin of 381 to 43 and provided us the mandate necessary to begin bringing the stateside installation structure into trim. These recommendations broke the logjam that had for so long kept us from closing unneeded or underutilized facilities. Since that announcement, we have been working hard to develop a plan to execute this mandate, the results of which were forwarded to this Committee two weeks ago in the form of the Base Realignment and Closure Justification Book. The justification book reflects the macro level timing and resourcing necessary to execute our obligations under PL 100-526. These Commission recommendations assumed stable force structure and focused on the installations themselves and their utility in supporting the force. Their overall recommendations provided a clean baseline from which we can move forward.

Implementation of the Commission's recommendations will affect 133 Army installations. Seventy-six installations, including fifty-three stand-alone housing sites, will be closed. Seven installations that will not be closing will both lose and gain activities. Six installations will lose activities while forty-four will gain activities. You can see by the sheer number of installations involved that the Army has a tremendous challenge before it. Nevertheless, the program that I am presenting today will accomplish all the relocations within the statutory time limit of 1 January 1990 to 30 September 1995 while minimizing costs and maximizing savings. Guiding tenets in developing our program have been to obey the law, respect the environment, manage the process efficiently, work with the affected communities, minimize adverse effects on personnel, and move no activity before adequate facilities are available to support and house them.

FINANCIAL SUMMARY

The financial summary of the Army's Base Realignment and Closure Program is shown in Table 1. One-time implementation costs during the period FY 1990-1995 total

$1,468 million. Savings during the same period, primarily due to elimination of 2,269 military and 3,657 civilian personnel, total $753 million. Proceeds from land sales are anticipated to be $1,009 million. Therefore, the net cost of implementation is programmed to be -$294 million. Recurring savings are estimated to be $264 million per year starting in FY 1996.

During the period FY 1990-1994, the Commission's model estimated implementation costs to be $1,558 million, savings to be $1,539 million, proceeds from land sales to be $1,082 million, and a net cost of -$1,063 million. The dramatic difference in savings between the Commission's estimate and the Army's program is primarily due to the Commission's assumption that many of the moves and the personnel eliminations could be accomplished early during execution. This would enable the resulting reductions in operation and maintenance and personnel costs to accrue for a longer period of time thereby increasing savings. In reality, this is not possible due to the requirement to construct facilities at gaining installations and to comply with the National Environmental Policy Act. As a result, relocations that the Commission assumed would be accomplished in FY 1990 and FY 1991 are in fact scheduled to be accomplished in FY 1994 and FY 1995.

Even though the Army's estimates of proceeds from land sales are similar to the Commission's land values, they are in fact quite different. The Commission estimated the value of the Presidio of San Francisco land to be $555 million, regardless of whether it could be sold. However, with the exception of 36.5 acres surrounding the Public Health Service Hospital, the Army cannot sell the Presidio since P.L. 92-589, 26 Oct 72, requires that control of the Presidio reverts to the Department of the Interior when it becomes excess to the needs of the Defense Department. Consequently, the Commission's estimate of $500 million cannot be realized.

The Army requests $363.7 million in Base Closure Account funding for FY 1991. As with our FY 1990 program, the majority of this request, $253.4 million, is for construction of facilities at gaining installations. The remaining portion of our request will be utilized to:

a. Move personnel and equipment.

b. Manage real estate, environmental restoration, and information management area actions.

c. Relocate Graduate Medical Education students from Letterman Army Medical Center to other medical centers.

d. Purchase and install information systems equipment for new and renovated facilities.

Savings during FY 1991 result primarily from closure of thirty-six stand-alone housing sites and the resulting avoidance of operation and maintenance expenses. Some savings accrue from elimination of military and civilian personnel; however, the savings in military personnel are offset by increased quarters and variable housing allowance payments to soldiers who were required to vacate the stand-alone housing units.

IMPLEMENTATION

By the end of FY 1991, the Army will have initiated all of the Commission's recommendations as required by Public Law 100-526. We will complete all moves within this timeframe as well. The implementation schedule for each of the packages is shown in Table 2.

ENVIRONMENTAL COMPLIANCE

The Army is fully committed to compliance with all environmental statutes. In order to comply with the National Environment Policy Act in executing the Commission's recommendations, the Army will publish twelve environmental impact statements (EISs), fourteen environmental assessments (EAs), and one programmatic environmental assessment. Completion dates for these documents are shown in Table 3.

The Army is conducting studies in accordance with the Installation Restoration Program (IRP) to identify contamination at installations that will be closed. The existing protocol has been expanded to include asbestos, PCBs, and other contamination not normally investigated as part of the IRP.

The Army will ensure that environmental contaminants, either migrating into the groundwater or present in the soils, will be treated, contained, or managed to acceptable human health or environmental standards. The Army's cleanup goal is to accomplish land disposal actions with no restrictions on the property's future use.

We will also determine if potential non-Army future land uses exist that are compatible with existing land use. Where appropriate, these properties may be disposed of with restrictions placed on their future use. Such a disposal will not take place where an unacceptable human health or environmental hazard would exist. A final decision will be made only after existing environmental conditions have been assessed in an Environmental Baseline Survey which considers contamination, endangered species, cultural resources, and other environmental issues.

If transferred to another federal agency, the Army will take the lead for all restoration studies and investigations. Who pays for the actual clean-up will be negotiated between the Army and the gaining agency. Unless DERA funds are available, Operation and Maintenance, Army funds will be used for environmental clean-up. No DERA funds will be used unless the site qualifies under DERA criteria alone. No extra weight will be given to a site during the DERA ranking process simply because it is a base closure site. Estimates for clean-up of base closure sites are shown in tables 4 and 5.

This effort had one major assumption that makes it completely different from the current proposals: The force structure was assumed to remain constant. The focus of the Commission was the installations themselves and how to make the overall installation structure more efficient. In contrast, the newest proposals are predicated on the assumption that the force will become smaller hence we must downsize the supporting base structure. The work done by the Commission has provided the Army with a baseline from which it can evaluate the future base structure needs of the force.

BASE REALIGNMENT AND CLOSURES: ROUND 2

The Army is currently experiencing a radical change in the fundamental assumptions that have guided our stationing policies and consequently our base structure for the past 45 years. With the monumental changes in the communist alliance in eastern Europe and the emphasis on fiscal constraint within our Government, we have begun to relook at how and where we base our forces. The recently announced force structure changes and the attendant base realignment and closure initiatives reflect the initial stages of how we intend to deal with the realities of a shrinking Defense budget and a threat whose nature has changed. This round of Base Realignments and Closures is based on the need to transition our Army to a smaller more capable force in response to the realities above and not solely for the sake of efficiencies as was the case in the first round.

Our proposals to reduce the base structure are clearly linked to the force structure reductions posited by the Defense leadership in late January. They have been balanced against an assessment of our strategic requirements and the funding we see being available in the future. These proposals reflect a plan to accommodate the force structure of the future while sacrificing neither readiness nor our position in the current arms negotiations.

Secretary Cheney has put forth a proposal to greatly simplify and streamline the base closure process. The Army fully supports this initiative because it will allow us to adjust our base structure in concert with our force structure decisions. This approach will ensure our ability to tailor the supporting infrastructure as we evolve the force of the future without the time consuming requirements that have heretofore stymied our base realignment and closure initiatives.

The Fiscal Year 91 budget, and the Base Realignment and Closure Budget therein, reflects the initial stages of our plan to shape the Army of the future. It not only recognizes that we will have a smaller Army in the future, but also acknowledges that to ensure the security of this nation we must maintain a highly professional Army, trained, equipped, and ready for the myriad of complicated and evolving threats we will face in the future.

The Army has been working carefully and diligently to develop a framework which clearly and coherently links the realities of the evolving global security environment and a substantially altered threat with our strategic vision, doctrine, and present fiscal conditions. This framework dictates a strategy which focuses on maintaining the Army as a viable strategic instrument by ensuring we maintain a quality force; a forward looking warfighting doctrine; the appropriate mix of forces; tough, realistic training; modernized equipment, and competent leaders. We will have a smaller Army, but it must be a good one. All of the imperatives above drive our need to maintain a flexible stationing plan that provides the Army of the future with the requisite infrastructure capable of supporting our ability to care for, train, modernize, and deploy our force as it evolves into the 21st century.

The proposals to reduce our force structure make it inevitable that we reduce the accompanying base structure if we are to serve as effective stewards of a dwindling resource base. With the reduction in the end-strength, we will simply have too much installation capacity. We must redirect our remaining resources to ensure we provide quality facilities to the remaining force.

Our near and mid-term plans focus on reductions and realignments within the continental U.S. as we await the outcome of the ongoing arms negotiations. As the situation regarding overseas basing becomes better defined we will begin making more definitive plans and assessments of our forward basing needs.

Ultimately, we envision the Army evolving into a more "U.S. based" force with a smaller portion of our total force being forward deployed. But this will be the result of ongoing treaty negotiations; meanwhile, we must maintain a high state of readiness in order to rapidly deploy in support of contingency or reinforcing operations. Our challenge is clear, we must retain and develop the bases and installations that best support the flexible, lethal, deployable Army of the future.

The Army made its January program adjustments based on a long and careful strategic analysis that began in the Fall of 1987 when we began to seriously assess the impacts of a successful conventional arms control and force reduction agreement in Europe. At that time, the Army was already beginning to experience negative real growth in its budget and we could see that the Soviet threat was very likely to be reduced by negotiation.

Although, until the Fall of 1989, Army planning did not fully anticipate the rapid pace and pervasive nature of the change in Eastern Europe and the Soviet Union, the Army was able to postulate a new end state that remains appropriate to our vision of the world in the near years. That vision is a four corps, twenty-three division Army.

The force structure reductions and realignments which evolved from that strategy necessitated an installation strategy to support the new force configuration. In developing the January installation proposals, the Army employed multiple criteria to ensure that the specific installations proposed for closure or realignment reflected our strategic plan, the new force mix, and the support needed for a more U.S. based troop structure. In addition, fiscal constraints required us to assess new realignments which would enhance productivity and efficiency and lessen the cost of our infrastructure support. In short, the January base realignments and closures were guided not only by force reductions and reconfigurations, but also by Defense Management Review (DMR) and Army Management Review (AMR) decisions to streamline, reconfigure, and consolidate such Army activities as test and evaluation, information systems, and logistics support.

Unlike the Commission's recommendations (Base Closures "Round One") which were enacted into law and currently are being implemented, Secretary Cheney's announcement of 29 January proposed further restructuring necessary to reflect the changing threat and the concomitant reduction in defense budget resources. These proposals require and will receive significant further study and analysis prior to formal decision-making. Analyses will include compliance with the provisions of the National Environmental Policy Act (NEPA) of 1969; study of the fiscal, budgetary, local economic, operational and strategic impacts of each proposal; and compliance with the provisions of 10 U.S.C. 2687, if applicable. In addition, each proposal, as well as the proposals in aggregate, will be assessed against the long-term installation requirements now being studied for the projected final Army end-state for the 21 century.

We recognize the environment is dynamic and evolving. Our responsibility is to ensure that the 29 January mid-term proposals make sense and strategically fit into the final long-range plan. Only after completion of this process will the Army be in a position to determine whether to proceed with the proposed closures and realignments.

The smaller Army dictated by our mid-term planning requires less infrastructure; it is as simple as that. In choosing which posts to cut, the Army determined which posts made the least contribution to the Total Force at the margin. We are proud of all of our installations, and they all have benefited from enhancements to the infrastructure in recent years. There are no easy choices. In addition, the Army's installations, particularly those where we conduct unit training and operations, and the land on which they are sited are a precious resource. It makes no sense to excess properties which may be required for a future foreseeable military requirement only to not be able to replace them when needed or to expend considerable funds to try to rebuild a capability. In short, the need for reversibility and expansibility in our infrastructure also was involved in the deliberations which led to our January proposals.

In addition to closures and realignments driven directly by force structure reductions, "round two" proposals also include realignments and closures resulting from the DMR and AMR analyses. Given the challenge of the DMR, the Army responded by making changes in its organizational management and philosophy across the spectrum of its management responsibilities.

RECOGNITION OF THE HARDSHIP

As previously noted in the aggregate, the Army's recommended "round two" base realignments and closures propose to close and/or layaway 12 bases or plants and undertake at least a dozen major realignments, along with numerous smaller realignments or reductions at various Army installations. The Commission's "round one" recommendations affect 133 Army installations. In making these proposals and in implementing the Commission's recommendations, we recognize and, to the maximum extent possible, will attempt to mitigate the inherent hardships which accompany such announcements not only to our own soldiers, civilians and their families but also the surrounding communities and states in which these installations are located. In the case of the January proposals, new construction projects will be postponed and minimum maintenance funds will be expended as long as an installation is under consideration for closure. This degrades the physical condition of the facilities and leaves the post with an extensive backlog of essential work if a status quo decision is made. The threat of closure and the perceived or real threat to job security also cause some employees to find other employment rather than wait for decision on the installation's future. Inevitably, the local economy may suffer even before a final decision is reached. Recognizing that closure and realignment studies have an adverse effect on both employees and mission accomplishment even if no change is made, I wish to assure you that we will move as expeditiously as possible to conclude the studies necessary to reach final decisions and respectfully urge the Congress to assist our efforts to move as quickly through the process as you did with the Commission's effort.

To help partially alleviate the hardships in this process, the Army will continue to be sensitive to the needs of the work force at all affected installations. We fully understand the dilemma facing each civilian employee. It has been long-standing Army policy to provide placement assistance and to make all reasonable efforts to find continued employment for its affected employees. Placement assistance includes registration in the defense-wide Priority Placement Program. Registrants under this program will be afforded priority placement consideration to vacancies arising within the Department of Defense for which they are qualified and available. Where displaced employees are required to relocate in order to continue their Federal employment, their transportation and moving expenses will be paid by the Government.

For those employees who cannot be placed or who wish to remain in their present geographic area, the local personnel office will assist in finding local employment. Additionally, the Office of Personnel Management administers a Displaced Employee Program to assist in placement with Federal agencies.

Another benefit program is the Homeowners Assistance Program. The Army is the Department of Defense Executive Agent for implementation of the Homeowners Assistance Program. It is an entitlement program for both military and civilian homeowners who are unable to sell their homes in a depressed real estate market due to a base closure or realignment decision. The announcement on 29 January 1990 for potential new reductions and closures places additional requirements on the program. As a result of the timing between the 1991 budget submittal and the announcement, these additional requirements were unable to be programmed. Included in the FY 1991 legislative package is a request for authority to transfer monies from other available appropriations to the Homeowners Assistance Fund. The flexibility to obtain resources as a result of unforeseen impacts is needed for this entitlement program.

ECONOMIC REUSE OF CLOSED/LAYED AWAY INSTALLATIONS

Of paramount importance when facing base realignments and closures is to help mitigate the impact on the affected state and local communities. The very words "base closure" incite the full range of emotions from anger to fear to uncertainty for both Department of Defense personnel and the local community. Rarely does it instill a sense of opportunity. However, based on historical experience from previous base closures we know such opportunity indeed exists. This negative perception can and must be turned around but to do so will require an intensive campaign by local communities to "market" the positive possibilities for base reuse by other Federal agencies, state and local governments, and most especially the private sector. The Army is committed to working with local communities to establish broad-based reuse organizations and working with those organizations on innovative ways to reuse closed or layed away bases to create jobs. Handled without organization, base closure and realignment actions can have a devastating effect. This negative impact must be prevented and the Army and Defense through its Office of Economic Adjustment will continue an all out effort to form a partnership with local community reuse organizations to achieve successful reuse transitions.

IMPLEMENTATION: ROUND TWO

The analysis, final decision, and implementation for proposals announced in January will be more complex than the closures and realignments under "round one." The Army supports and encourages the Congress to enact the proposed legislation submitted by the Secretary of Defense.

Nevertheless, the Army has initiated its well established procedures designed to develop the detailed information and data required to fulfill the specific requirements of 10 U.S.C. 2687 and the National Environmental Policy Act for proposals shown in Table 6.

ENVIRONMENTAL COMPLIANCE: ROUND TWO

Last month, the Army announced in the Federal Register its intent to conduct Environmental Impact Statements on the proposals to close Fort Ord, Fort McClellan and Sacramento Army Depot. Environmental assessments are being prepared for the other proposals. Depending on the results of these assessments, additional environmental impact statements may be necessary. Our initial milestone schedule for the major actions is shown in Table 7.

THE PATH AHEAD

The future has become even more uncertain with the radical changes now underway in Eastern Europe. While I am sure we all hoped the specter of communism would fade from Europe, no one could have predicted its headlong retreat at the pace we see today. The dynamic and unpredictable nature of this change makes it increasingly difficult for us to project exactly what our Army must look like in the future. Things we do know are that it will be smaller and it must be more capable and flexible than ever. Consequently, we cannot say that the realignments and closures recently proposed will be the last word. We must be given the freedom to look at our basing needs in an iterative manner and continually match the needs of our force to the best and most efficient installation support structure.

Along with the uncertainties we see in the political order of the future, we feel the pressures to reduce spending and increase our efficiencies and productivity. In response to this need, DOD and the Army have launched several initiatives to streamline and consolidate our management and support infrastructure. The initiative that will most likely heavily influence our base realignment and closure actions is the Army Management Review (AMR), a subset of the larger DOD initiative known as the Defense Management Review (DMR). With this set of management initiatives, the Army intends to reduce the size of selected management and support activities and combine related functions where feasible to produce a leaner, more efficient management structure. These initiatives will cause realignment of people and functions, and could conceivably cause the closure of selected activities when combined with other realignment and closure initiatives.

MANAGEMENT OF BASE CLOSURE

This collection of initiatives sounds extremely complicated, and in many ways it is, but our plan to execute is quite simple.

"Round One" actions, those dictated under P.L. 100-526, are designed to provide the Army with a clean baseline installation structure. We are in the initial stages of execution and the effort is clearly on course, all we need is the funding.

"Round Two" actions, those announced by the SECDEF on 29 January, are balanced against the baseline installation structure as a result of the Commission's work. We are analyzing our base structure needs by weighing our strategic and operational requirements, which are determined by our assessment of the threat, against the fiscal constraints we face. This comparison will lead us to select the combination of installations that best supports our Army's requirements in the most efficient and cost effective manner.

The future holds many uncertainties for our country and hence the Army. We will continue to assess the evolution of the world situation and include significant changes in our evaluation of force structure and base structure requirements. Our intent is to manage the change prudently, yet with enough flexibility, to accommodate the uncertainties of the future into our plan which provides a coherent, rational stationing plan for the force.

The Secretary and Chief of Staff of the Army have delegated the responsibility for managing and coordinating all base realignment and closure actions to Mrs. Susan Livingstone, the Assistant Secretary of the Army for

Installations, Logistics, and Environment [ASA(I,L&E)], and me. This enormous task consists of two major components: the evaluation of the proposals and the execution of the decisions. A general description of the process is as follows.

The first part of this process is to coordinate the evaluation of the realignment and closure proposals developed by the operational staffs within the Headquarters and the Army in the field. Based on all the studies referenced earlier, we assemble the requisite information and evaluations to support a review and decision by the Army's senior leadership on which bases the Army proposes to close or realign. The Secretary of the Army then forwards his recommendations along with the supporting evaluations to the Secretary of Defense. The Secretary of Defense, in turn, forwards the appropriate decisions and evaluations to the Congress, as required by 10 U.S.C. 2687.

Once the decisions are made, we plan the execution of the initiatives. We centrally plan and resource from the Headquarters while execution is accomplished by the Major Army Commands (MACOMs).

The ASA(I,L&E)'s role is to establish Army policy regarding base realignments and closures. I am charged with managing the execution of the realignments and closures to include the integration of the Army staff and the MACOMs to ensure the Army has a sound, workable plan that provides a base structure capable of supporting the force structure of the future. We both work with military construction, environmental, manpower, and other special staff agencies to ensure full staff integration and compliance with laws and regulations.

The execution of the base realignment and closure initiatives, i.e., the detailed planning necessary to make it happen for those currently under consideration, as well as those mandated under the Base Closure Act (P.L 100-526), will be conducted by the MACOMs who "own" the units and installations affected by these proposals. Additionally, the studies required to reach the realignment and closure decisions will be conducted by the MACOMs during our evaluations.

This is the management structure that has been in place within the Army for several years. We intend to use existing systems and processes to execute these critical initiatives while minimizing operational impacts.

In summary, we will execute the Commission's recommendations to the letter. We will continue to evaluate the proposals put forth on 29 January and execute those that are strategically, fiscally, and operationally prudent. Finally, we will balance all the currently announced initiatives against the global security environment as it evolves around us to ensure our plans for stationing will support the national security policy of the future.

CONCLUSION

The Army's initiatives to meet the challenges must be seen as the evolution of an institution dedicated to the defense of our great nation, not the demobilization of a conquering Army. During the demobilization during post-World War I and II, we rushed headlong to dismantle the force with little regard for the consequences. We paid for such haste in blood at the beginning of World War II with the disaster of Pearl Harbor and defeat in the Philippines. Again, we paid in Korea when we rushed untrained and undermanned divisions into combat. We must institute a controlled restructuring effort that allows us to conscientiously and responsibly reshape the Army based on national security requirements as well as fiscal constraints.

T.S. Eliot wrote in "The Hollow Men;"

> Between the idea
> And the reality...
> Falls the shadow

We have the idea--a smaller, lethal, deployable, more versatile force. We are working hard to make it a reality. Yet, we still operate in the shadow of uncertainty. With your help and support, we will emerge from this restructuring with a viable, professional Army--an Army that has the quality facilities and installations to ensure its role as a potent, strategic asset.

TABLE 1

P.L. 100-526: ROUND ONE

BASE REALIGNMENT AND CLOSURE
ARMY FINANCIAL SUMMARY
(DOLLARS IN MILLIONS)

	FY 1989	FY 1990	FY 1991
ONE-TIME IMPLEMENTATION COSTS:			
Military Construction	23.0	175.9	253.4
Family Housing			
Construction	0	0	0
Operations	2.5	0	0
Operation and Maintenance	17.4	26.0	71.8
Military Personnel - PCS	0	0	1.1
Other	0	9.3	37.4
Revenues from Land Sales (-)	0	0	0
TOTAL COSTS	42.9	211.2	363.7
SAVINGS:			
Military Construction	23.0	9.2	15.3
Family Housing			
Construction	0	0	0
Operations	0	0	15.0
Operation and Maintenance	0	1.5	3.7
Military Personnel	0	-0.5	0.9
Other	0	0	0
Civilian ES	(0)	(0)	(25)
Military ES	(0)	(0)	(145)
TOTAL SAVINGS	23.0	10.2	34.9
NET IMPLEMENTATION COSTS:			
Military Construction	0	166.7	238.1
Family Housing			
Construction	0	0	0
Operations	2.5	0	-15.0
Operation and Maintenance	17.4	24.5	68.1
Military Personnel	0	0.5	0.2
Other	0	9.3	37.4
Revenues from Land Sales	0	0	0
Civilian ES	(0)	(0)	(25)
Military ES	(0)	(0)	(145)
NET IMPLEMENTATION COSTS	19.9	201.0	328.8

TABLE 1
(Continued)

P.L. 100-526: ROUND ONE

BASE REALIGNMENT AND CLOSURE
ARMY FINANCIAL SUMMARY
(DOLLARS IN MILLIONS)

	FY 1992	FY 1993	FY 1994	FY 1995
ONE-TIME IMPLEMENTATION COSTS:				
Military Construction	332.1	182.1	0	0
Family Housing				
Construction	0.8	0	0	0
Operations	0	0.1	0	0
Operation and Maintenance	83.1	75.8	119.8	32.2
Military Personnel - PCS	0	0	0	0
Other	33.9	14.2	9.4	9.9
Revenues from Land Sales (-)	-86.3	-35.8	-127.3	-760.1
TOTAL COSTS	363.6	236.4	1.9	-718.0
SAVINGS:				
Military Construction	19.3	19.4	19.4	19.4
Family Housing				
Construction	0	0	0	0
Operations	17.3	18.7	45.5	45.4
Operation and Maintenance	4.5	20.9	90.8	130.7
Military Personnel	15.4	61.0	87.4	80.2
Other	0.2	0.2	4.0	8.0
Civilian ES	(32)	(1,479)	(3,185)	(3,657)
Military ES	(975)	(1,644)	(2,143)	(2,269)
TOTAL SAVINGS	56.7	120.2	247.1	283.7
NET IMPLEMENTATION COSTS:				
Military Construction	312.8	162.7	-19.4	-19.4
Family Housing				
Construction	0.8	0	0	0
Operations	-17.3	-18.6	-45.5	-45.4
Operation and Maintenance	78.6	54.9	29.0	-98.5
Military Personnel	-15.4	-61.0	-87.4	-80.2
Other	33.7	14.0	5.4	1.9
Revenues from Land Sales	-86.3	-35.8	-127.3	-760.1
Civilian ES	(32)	(1,479)	(3,185)	(3,657)
Military ES	(975)	(1,644)	(2,143)	(2,269)
NET IMPLEMENTATION COSTS	306.9	116.2	-245.2	-1,001.7

TABLE 2

P.L. 100-526: ROUND ONE
IMPLEMENTATION SCHEDULE

Package	Start	Finish
Pueblo Depot Activity	FY 90	FY 94
Lexington-Bluegrass Army Depot	FY 91	FY 95
Army Material Technology Laboratory	FY 91	FY 95
Jefferson Proving Ground	FY 91	FY 95
Umatilla Depot Activity	FY 90	FY 94
AMC Other Properties	FY 90	FY 95
Fort Dix	FY 90	FY 93
Presidio of San Francisco	FY 91	FY 95
Hamilton Army Airfield	FY 91	FY 94
Fort Sheridan	FY 91	FY 94
Fort Douglas	FY 91	FY 95
Fort Meade, Fort Holabird, CIDC HQ	FY 91	FY 95
Fort Devens-Fort Huachuca	FY 91	FY 95
Cameron Station	FY 91	FY 95
Stand-Alone Housing	FY 90	FY 93

TABLE 3

P.L. 100-526: ROUND ONE

ENVIRONMENTAL DOCUMENTATION MILESTONES

Environmental Impact Statement	Completion Date
Fort Dix	2 Jul 90
Fort Devens-Fort Huachuca	4 Jul 90
Presidio of San Francisco	12 Sep 90
Fort Sheridan	16 Sep 90
Fort Douglas	23 Sep 90
Fort Meade	24 Sep 90
Army Material Technology Laboratory	30 Sep 90
Jefferson Proving Ground	27 Jan 91
Cameron Station-Fort Belvoir	27 Jan 91
Hawthorne AAP-Fort Wingate-Umatilla-Navajo	14 Mar 91
Pueblo Depot Activity	14 Apr 91
Lexington-Bluegrass Army Depot	30 Apr 91

Environmental Assessment	Completion Date
New Orleans Military Ocean Terminal	15 Apr 90
Tacony Warehouse	15 Apr 90
USARC Gaithersburg	22 Apr 90
Hamilton Army Airfield	23 Apr 90
Fort Des Moines	30 Apr 90
NG Bennett	30 Apr 90
Nike Kansas City 30	30 Apr 90
DMA Herndon	24 May 90
Coosa River Storage Annex	30 May 90
Kapalama	30 May 90
Cape St. George	30 Jun 90
Indiana AAP	30 Jun 90
Pontiac Storage	30 Jun 90
Nike Aberdeen	30 Jun 90

Programmatic Environmental Assessment	Completion Date
Stand-Alone Housing	30 Mar 90

TABLE 4

P.L. 100-526: ROUND ONE

BASE REALIGNMENT AND CLOSURE
DERA FUNDED ENVIRONMENTAL CLEAN-UP COSTS

(DOLLARS IN MILLIONS)

Installation	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Alabama AAP	0.25	13.10				
AMTL		10.00				
Fort Meade	0.40	1.50				
Hamilton AAF		0.50				
Umatilla	0.50	1.40	1.00	2.00	1.00	1.00
TOTAL	1.15	26.50	1.00	2.00	1.00	1.00

TABLE 5

P.L. 100-526: ROUND ONE

BASE REALIGNMENT AND CLOSURE
O&M FUNDED ENVIRONMENTAL CLEAN-UP COSTS
(DOLLARS IN MILLIONS)

Installation	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
Alabama AAP			0.70	0.10	0.10	0.10
AMTL	2.45	2.50	25.00	22.50	8.55	0.50
Bennett ANG	0.10	0.50			0.40	
Cameron Station	1.05	1.10	9.75	0.10		
Cape St. George	0.05	0.05			0.35	0.05
Coosa River	0.55	0.10		3.30	0.05	
DMA-Herndon	0.45	0.05	0.60			
Fort Des Moines	0.35	0.20			1.90	0.05
Fort Douglas		0.35		1.00	0.10	0.05
Fort Holabird	0.15	0.30	0.05			
Fort Meade	1.50	1.00	30.00	20.00	0.40	0.10
Fort Sheridan	1.80	0.30	5.00	0.90		
Fort Wingate		0.50	5.00		4.50	
Gaithersburg RC	0.20				2.00	0.30
Hamilton AAF	1.10		0.10	4.22	0.08	
Housing Areas	1.25	2.50	1.25			
Indiana AAP		0.20	3.00	0.40	1.50	
Jefferson PG		0.40	3.00	2.00	1.00	3.60
Kapalama	0.40	2.10	0.08			
Lexington	0.50	2.00	1.00	1.00	5.30	0.20
New Orleans MOT	0.10	0.02			0.35	0.03
Nike Aberdeen	0.05	0.40	0.50	1.00	0.05	
Nike KC 30	0.40		0.55	1.00	0.05	
Pontiac Storage	0.50	0.10	0.20	1.10	0.10	
Presidio of SF	2.45	2.10	5.00	0.95		
Pueblo	0.50	4.60	3.00	1.00	0.60	0.30
Tacony Warehouse	0.15	0.10	0.62	0.13		
Umatilla	0.50	2.50	4.70	1.00	1.00	0.30
TOTAL	16.55	23.97	99.10	61.70	28.38	5.58

The costs shown are the best estimates available. Enhanced preliminary assessments are being accomplished at some installations and the rest will begin in FY 1990. FY 1990 and FY 1991 funds are necessary for remedial investigations and feasibility studies. A small amount of remedial design and a minimal amount of remedial action at some of the stand-alone housing sites and other small installations are in the FY 1990 and FY 1991 estimates. The majority of the remedial action will occur in FY 1992 and beyond. The estimates do not include any management, salaries, or travel costs of the US Army Toxic and Hazardous Materials Agency, the Army's restoration agent.

TABLE 6

IMPLEMENTATION SCHEDULE

PROPOSED FORCE STRUCTURE AND BASE REALIGNMENTS

29 JANUARY 1990 (ROUND TWO)

Action	*Fiscal Year
Reduce Active Army 135,000**	90-94
Reduce Reserve Components	90-94
Inactivate 2d Armored Division	90-91
Downsize 194th Armored Brigade	90
Downsize 9th Infantry Division (Mtz)	90-92
Relocate 7th Infantry Division and close Fort Ord	92-93
Layaway Mississippi AAP	90-91
Layaway Indiana AAP	93
Cease workload at and lease Kansas AAP	93
Layaway Louisiana AAP or Scranton AAP	93
Layaway Sunflower AAP	94
Layaway Longhorn AAP	94
Terminate tank production at Detroit ATP	91
Terminate tank production at Lima ATP	93
Realign supply function at Red River AD	90-93
Close Fort McClellan	93
Warmbase Fort Gillem	92
Inactivate HQ, 4th Army	92
Close Sacramento AD	92-93
Eliminate Troop Support Command	92-93
Convert Health Services Command	92-93
Inactivate 1st Region, CIDC	90
Reorganize AMC Headquarters	91-95
Reorganize DESCOM Headquarters	91-95
Streamline AMC Management Engineering Activity	91-95
Streamline Information Systems Command	91-95

* Subject to proposals being approved following completion of required analyses and notification to Congress under 10 U.S.C. 2687, if appropriate.

** Partially satisfied by actions below.

TABLE 7

ROUND TWO

ENVIRONMENTAL DOCUMENTATION MILESTONES*

Environmental Impact Statement	Completion Date
Close Sacramento Army Depot	2Q FY 92
Close Fort Ord and Realign 7th Inf Div	2Q FY 92
Close Fort McClellan	2Q FY 92

Environmental Assessment	Completion Date
Downsize 9th Infantry Division	3Q FY 90
Inactivate 2d Armored Division	3Q FY 90
Warmbase Fort Gillem	2Q FY 91
Downsize 194th Armored Brigade	3Q FY 90
Realign Supply Function at Red River Army Depot	3Q FY 90
Layaway Mississippi AAP	3Q FY 90
Eliminate Troop Support Command	3Q FY 90
Layaway Indiana AAP	4Q FY 92
Layaway Kansas AAP	4Q FY 92
Layaway Louisiana or Scranton AAP	4Q FY 92
Layaway Sunflower AAP	4Q FY 93
Layaway Longhorn AAP	4Q FY 93
AMR/DMR Actions	As Required

* Environmental documentation milestones for all other proposed Army actions are under development.

Mr. HEFNER. Admiral?

STATEMENT OF ADMIRAL BUFFINGTON

Admiral BUFFINGTON. Yes, sir, Mr. Chairman. Appreciate the opportunity to be here today and represent the Navy.

I would like just to give a quick overview of some of the Navy's past and present force structure. Back in the late 1960s we had 976 ships in 65 home ports, And in the 1970's, right after Vietnam, we went down to 479 ships in 34 home ports. We cut 31 home ports, and plus about 500 other activities.

We realized we had cut it a bit too far and we wanted to build back up in the eighties, so we made a decision at that point to increase the fleet size to 600 and go to 44 home ports. The Base Closure Commission eliminated three of the proposed new home ports. Today we stand at about 558 ships and 41 home ports.

We took a good look here at the 17 bases that were announced and we are continuing to take a close look at that. That is somewhat putting the cart before the horse because we didn't have our force structure settled on at that time. However, it takes a long time to close a base and we wanted to take a good look ahead of time and see where we could make some moves in those efforts.

There are several things that concern us a great deal in the Navy. First, I would like to say that the Navy strongly supports Secretary Cheney's initiatives, including legislation to streamline the closure process. Secondly, we see people moving out of Central Europe and all of Europe, very many areas.

It is going to mean we are really going to need a stronger Navy because you are going to have to launch from the sea, and particularly since Russia remains a first-class naval power. We really don't see ourselves cutting down any in our commitments.

We realize financially that we obviously have to cut down some, but since 1945 the Navy has participated in over 200 crises in the world, including over 50 crises during the last ten years, mostly involving Third World countries.

So we don't see our commitment dropping off a great deal in the Navy, yet we realize from budgetary constraints that we will have to take some cuts. We are working hard to take those. I am here to answer any questions you have and do the best I can.

[The prepared statement of Admiral Buffington follows:]

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RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE

STATEMENT OF

REAR ADMIRAL J. E. BUFFINGTON, CEC, U. S. NAVY

DIRECTOR, SHORE ACTIVITIES DIVISION, OFFICE OF THE

DEPUTY CHIEF OF NAVAL OPERATIONS, LOGISTICS

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

OF THE

HOUSE APPROPRIATIONS COMMITTEE

ON

NAVY BASE CLOSURES

MARCH 15, 1990

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APPROPRIATIONS COMMITTEE

MR. CHAIRMAN, I AM REAR ADMIRAL JACK E. BUFFINGTON, DIRECTOR, SHORE ACTIVITIES DIVISION, OFFICE OF THE DEPUTY CHIEF OF NAVAL OPERATIONS, LOGISTICS. I APPRECIATE THE OPPORTUNITY TO REPRESENT THE SECRETARY OF THE NAVY AND THE CHIEF OF NAVAL OPERATIONS IN REVIEWING THE NAVY'S BASE CLOSURE INITIATIVES. OUR INITIATIVES INCLUDE IMPLEMENTATION OF THE BASE REALIGNMENT AND CLOSURE COMMISSION'S RECOMMENDATIONS OF DECEMBER 1988, SECRETARY CHENEY'S ANNOUNCEMENT IN JAN 1990, AND ONGOING STUDIES BASED ON POTENTIAL FORCE LEVEL REDUCTIONS. CLOSURE ACTIONS REQUIRED AS A RESULT OF THE BASE REALIGNMENT AND CLOSURE COMMISSION ARE STRAIGHT FORWARD. FINAL DECISIONS ON THE SEVENTEEN (17) CANDIDATE NAVAL BASES FOR CLOSURE OR REALIGNMENT MENTIONED IN THE SECRETARY'S ANNOUNCEMENT, AND ANY OTHER FINAL ACTIONS BASED ON POTENTIAL FORCE LEVEL REDUCTIONS DEPEND UPON THE OUTCOME OF THE ONGOING STUDIES.

TODAY, I WOULD LIKE TO PROVIDE A BRIEF OVERVIEW OF THE RELATIONSHIP OF THE NAVY'S PAST AND PRESENT FORCE STRUCTURE AND THE SHORE ESTABLISHMENT, AN UPDATE ON THE IMPLEMENTATION STATUS OF THE BASE REALIGNMENT AND CLOSURE COMMISSION'S RECOMMENDATIONS AND A REVIEW OF WHERE WE STAND IN REGARD TO SECRETARY CHENEY'S ANNOUNCEMENT OF THE NAVY CANDIDATE CLOSURES OR REALIGNMENTS AS WELL AS OTHER POTENTIAL ACTIONS BASED ON FORCE STRUCTURE ADJUSTMENTS.

OVERVIEW

CLEARLY, THE SIZE OF THE NAVY'S SHORE ESTABLISHMENT IS DEPENDENT UPON THE SIZE OF THE FLEET. THROUGHOUT THE YEARS AS

THE SIZE OF THE FLEET HAS INCREASED OR REDUCED, SO HAVE THE SHORE FACILITIES. DURING THE VIETNAM ERA WE REACHED A PEAK IN 1968 OF 976 SHIPS DISPERSED AT 65 HOMEPORTS. CONVERSELY AS THE FLEET DECREASED IN SIZE TO A LOW OF 479 SHIPS IN THE LATE 1970'S, THE NUMBER OF HOMEPORTS WAS REDUCED TO 34. IT WAS SUBSEQUENTLY RECOGNIZED THAT OUR FLEET WAS NOT ADEQUATE TO MEET OUR MISSION AND, IN THE EARLY 1980'S, WE PROCEEDED WITH A PROGRAM TO INCREASE THE SIZE OF OUR FLEET TO APPROXIMATELY 600 SHIPS, AND TO INCREASE THE NUMBER OF OUR HOMEPORTS TO 44. THEN CAME THE BASE CLOSURE COMMISSIONS RECOMMENDATIONS NOT TO OPEN NEW HOMEPORTS THAT WERE UNDER CONSTRUCTION AT NAVAL STATION, LAKE CHARLES, LOUISIANA; NAVAL STATION, GALVESTON, TEXAS; AND NOT TO PROCEED WITH HOMEPORTING AT HUNTERS POINT, CALIFORNIA. THIS REDUCED THE PROPOSED NUMBER TO 41.

RESPONDING TO A POSSIBLE FORCE REDUCTION AND BUDGETARY REALITIES, SECRETARY CHENEY RECENTLY ANNOUNCED SEVENTEEN (17) ADDITIONAL NAVY CANDIDATES FOR CLOSURE OR REALIGNMENT. AS INDICATED IN THE ANNOUNCEMENT, NAVY PROPOSED THESE BASES TO THE SECRETARY AS CANDIDATES FOR CONSIDERATION FOR CLOSURE OR REALIGNMENTS. THE SHORE ACTIVITIES ANNOUNCED FOR STUDY BY SECRETARY CHENEY WERE NOMINATED BASED ON PRELIMINARY ASSESSMENTS WITH A NUMBER OF THE BASES, BEING IDENTIFIED FOR STUDY ONLY IF THE NAVY WERE TO UNDERGO SIGNIFICANT FORCE STRUCTURE REDUCTIONS BEYOND THOSE CITED IN THE SECRETARY'S PROPOSED BUDGET.

THE DIFFICULT DECISION WE HAVE TO ANSWER IS, "IF WE ARE

TO MAINTAIN OUR FORWARD NAVAL PRESENCE AND MARITIME SUPERIORITY, TO WHAT EXTENT CAN WE AFFORD TO MAKE FORCE REDUCTIONS, AND HENCE BASE REDUCTIONS, IN VIEW OF THE CHANGING GLOBAL SITUATION?" THE ANSWER TO THAT QUESTION MAY NOT BE AS READILY AVAILABLE AS IT IS TO OUR SISTER SERVICES. IT CAN BE ARGUED THAT AS WE BRING MORE TROOPS HOME AND HAVE LESS ACCESS TO OVERSEAS BASES WE WILL RELY MORE THAN EVER ON OUR ABILITY TO OPERATE FROM THE SEAS. I CAN ASSURE YOU, HOWEVER, THAT THIS DIFFICULT FORCE STRUCTURE QUESTION IS BEING VERY SERIOUSLY STUDIED WITH A GOAL TOWARD ACHIEVING MAXIMUM EFFICIENCIES IN AN ERA OF INCREASINGLY CONSTRAINED REVENUES WHILE MAINTAINING OUR FORWARD PRESENCE AND MARITIME SUPERIORITY. WHEN THESE FORCE STRUCTURE REDUCTIONS ARE DETERMINED, FINAL DECISIONS IN REGARD THE CANDIDATE CLOSURES OR REALIGNMENTS WILL BE MADE AS WELL AS DECISIONS IN REGARD THE REMAINDER OF OUR SHORE ESTABLISHMENT.

BASE REALIGNMENT CLOSURE COMMISSION RECOMMENDATIONS

THE NAVY IS PROCEEDING VERY WELL WITH IMPLEMENTATION OF THE BASE REALIGNMENT AND CLOSURE COMMISSION RECOMMENDATIONS. THE MAJORITY OF THE RECOMMENDATIONS RELATE TO THE NAVY'S STRATEGIC HOMEPORTING PROGRAM. THREE STRATEGIC HOMEPORTS CURRENTLY UNDER CONSTRUCTION WERE DESIGNATED TO RECEIVE FUNCTIONS TO BE RELOCATED FROM ACTIVITIES SCHEDULED FOR CLOSURE OR REALIGNMENT. THESE ACTIONS INCLUDE DECISIONS NOT TO COMPLETE NAVAL STATION LAKE CHARLES, LOUISIANA AND NAVAL STATION GALVESTON, TEXAS AND RELOCATE THE FUNCTIONS TO NAVAL

STATION, INGLESIDE, TEXAS; TO CLOSE NAVAL STATION BROOKLYN, NEW YORK AND RELOCATE FUNCTIONS TO NAVAL STATION STATEN ISLAND, NEW YORK AND TO REALIGN NAVAL STATION PUGET SOUND WASHINGTON AND RELOCATE SOME FUNCTIONS TO NAVAL STATION EVERETT, WASHINGTON.

OF THE $500 MILLION APPROPRIATED FOR THE DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT IN FY 1990, $15.6 MILLION IS ALLOCATED FOR MILCON AT STATEN ISLAND, $19.2 MILLION FOR EVERETT AND $28.4 MILLION FOR INGLESIDE. IN THAT WE HAVE ONGOING ARCHITECT/ENGINEER AND CONSTRUCTION CONTRACTS AT THESE HOMEPORTS, WE HAVE BEEN ABLE TO EXPEDITE FACILITY RELOCATION EFFORTS. THESE PROJECTS ARE ALL IN FINAL STAGES OF DESIGN WITH AWARDS SCHEDULED BY THIS SUMMER. THE $916.5 MILLION FY 1991 REQUEST FOR THE DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT INCLUDES $23.6 MILLION FOR STATEN ISLAND, $13.7 MILLION FOR EVERETT AND $.9 MILLION FOR INGLESIDE. IN ADDITION, THE FY 1991 REQUEST INCLUDES $59.5 MILLION FOR THE INITIAL CONSTRUCTION AT NAVAL STATION, PEARL HARBOR, HAWAII, RESULTING FROM THE COMMISSION'S RECOMMENDATION NOT TO EXECUTE THE STRATEGIC HOMEPORTING PROGRAM AT HUNTERS POINT, CALIFORNIA AND TO RELOCATE A BATTLESHIP AND TWO CRUISERS TO PEARL HARBOR. DESIGN OF THE FY 1991 PROJECTS IS UNDERWAY WITH CONSTRUCTION AWARDS EXPECTED EARLY IN THE FISCAL YEAR.

IN ADDITION TO THE $161 MILLION IN PROJECTS PREVIOUSLY CITED, WE HAVE APPROXIMATELY ANOTHER $140 MILLION IN MILCON REQUIREMENTS THAT WE PLAN TO EXECUTE IN FY 1992 THROUGH FY 1994. WE HAVE ALREADY STARTED DESIGN ON $50 MILLION OF THESE

REQUIREMENTS AND WILL BE READY TO AWARD ADDITIONAL DESIGN CONTRACTS AS FUNDS BECOME AVAILABLE.

NO MAJOR PROBLEMS ARE FORESEEN IN CARRYING OUT CONSTRUCTION OR RELOCATION ACTIONS NECESSARY TO MEET REQUIRED REALIGNMENT/ CLOSURE DEADLINES. WE EXPECT TO BEGIN REALIZING NET COST SAVINGS FROM CLOSURE/REALIGNMENT ACTIONS BEGINNING IN FY 1993. IF EXPECTED REVENUES FROM LAND SALES ARE OBTAINED, TOTAL REVENUES AND SAVINGS WILL EXCEED OUR IMPLEMENTATION COSTS IN FY 1995. DISPOSAL OF EXCESS REAL ESTATE ASSETS RESULTING FROM REALIGNMENT IS HOWEVER DEPENDENT ON COMPLETION OF NATIONAL ENVIRONMENTAL POLICY ACT (NEPA) DOCUMENTATION AND REQUIRED ENVIRONMENTAL CLEAN-UP WHICH IS NOT YET CLEARLY DEFINED, AND FOR WHICH FUNDING IS NOT PROVIDED IN THE BASE CLOSURE ACCOUNT. IN ADDITION, OUR ESTIMATED REVENUES FROM DISPOSAL OF REAL ESTATE COULD BE SIGNIFICANTLY REDUCED IF THERE ARE NO-COST TRANSFERS TO OTHER GOVERNMENT AGENCIES RATHER THAN SALES AT FAIR MARKET VALUE.

FUTURE CLOSURES FROM FORCE STRUCTURE REDUCTIONS

I STRONGLY SUPPORT SECRETARY CHENEY'S INITIATIVE TO EXPEDITE THE BASE CLOSURE PROCESS TO ENABLE CLOSURES TO BE AFFECTED QUICKLY AND SAVINGS TO BE REALIZED PROMPTLY, CONSISTENT WITH FORCE STRUCTURE ADJUSTMENTS. BASE CLOSURES AND REALIGNMENTS ARE AN INEVITABLE AND NECESSARY RESPONSE TO REDUCTIONS IN OPERATING FORCES AND INITIATIVES TO ACHIEVE EFFICIENCIES IN OUR SHORE INFRASTRUCTURE IN A TIME OF INCREASINGLY LIMITED RESOURCES. HOWEVER, AS I PREVIOUSLY

MENTIONED, THE OPTIMUM FORCE STRUCTURE AND THE REQUIRED SUPPORT FACILITIES ARE NOT EASILY DEFINED WITHIN THE INCREASINGLY CHANGING WORLD. FOR THESE REASONS, THE NAVY IS CURRENTLY DEDICATING A CONSIDERABLE NUMBER OF OUR PERSONNEL TO DEFINING A PROPER FORCE STRUCTURE/SUPPORT FACILITIES MIX.

WE HAVE RECENTLY COMMENCED AN IN-DEPTH REVIEW OF OUR SHORE INFRASTRUCTURE TO DETERMINE WHICH BASES SHOULD BE CLOSED OR REALIGNED, IN ORDER TO ACHIEVE MAXIMUM EFFICIENCIES WITHOUT ADVERSELY AFFECTING STRATEGIC AND OPERATIONAL REQUIREMENTS. WHILE THIS STUDY WILL CERTAINLY FOCUS ON THOSE BASES ALREADY IDENTIFIED AS CANDIDATES FOR CLOSURE OR REALIGNMENT, THE NAVY'S ENTIRE SHORE ESTABLISHMENT, INCLUDING STRATEGIC HOMEPORTS, WILL BE INCLUDED IN THE STUDY EFFORT. NOT UNTIL AFTER FORCE STRUCTURE IS SET AND ALL THESE STUDIES ARE COMPLETED, INCLUDING ALL ENVIRONMENTAL STUDIES REQUIRED BY LAW, WILL FINAL DECISIONS BE MADE. ALTHOUGH OUR INTERNAL REVIEW, WHICH WILL FOCUS PRIMARILY ON BUDGETARY, STRATEGIC, AND OPERATIONAL CONSIDERATIONS, SHOULD BE COMPLETED BY THE END OF THE SUMMER, REQUIRED ENVIRONMENTAL STUDIES ARE EXPECTED TO TAKE MUCH LONGER, UNLESS THE EXISTING BASE CLOSURE LAW IS AMENDED AS PROPOSED BY SECRETARY CHENEY. CONSEQUENTLY, WE STRONGLY RECOMMEND YOUR SUPPORT OF THIS LEGISLATION.

CONCLUSION

MR. CHAIRMAN AS I HAVE INDICATED WE STRONGLY SUPPORT SECRETARY CHENEY'S INITIATIVES ON BASE CLOSURES AND REALIGNMENTS. AS WE HAVE DONE IN THE PAST WHEN REQUIRED BY

CHANGING GLOBAL SITUATIONS, WE INTEND TO CONTINUE TO MAKE APPROPRIATE ADJUSTMENTS TO OUR FORCE STRUCTURE AND SHORE ESTABLISHMENT. WE HAVE TAKEN IMMEDIATE ACTION IN IMPLEMENTING THE BASE CLOSURE COMMISSION'S RECOMMENDATIONS AFFECTING THE NAVY. THE FUNDS DESIGNATED FOR THE NAVY IN THE FY 1991 BASE CLOSURE ACCOUNT REQUEST ARE ESSENTIAL IF TIMELY AND COST EFFECTIVE IMPLEMENTATION OF THESE RECOMMENDATIONS ARE TO BE REALIZED. FINALLY, MAXIMUM EFFORTS ARE UNDERWAY TO GET US TO THE POINT WHERE ADDITIONAL DECISIONS ON NAVY SHORE ESTABLISHMENT ADJUSTMENTS CAN BE MADE ONCE THE FORCE STRUCTURE IS SET. WE WILL ADVISE YOU AS SOON AS THESE DECISIONS ARE MADE. THANK YOU AGAIN MR. CHAIRMAN FOR THIS OPPORTUNITY TO ADDRESS YOUR SUBCOMMITTEE.

Mr. HEFNER. Mr. Boatright?

STATEMENT OF MR. BOATRIGHT

Mr. BOATRIGHT. Mr. Chairman, members of the committee, I appreciate the opportunity for the Air Force to discuss base closures with you here today. Over the past year we have validated the requirements for implementation of the first round of our base closures and developed a game plan which will allow closure by 1995.

As you recall, the Secretary of Defense Base Realignment and Closure Commission recommended the closure of five Air Force bases: Pease Air Force Base in New Hampshire; Mather Air Force Base in California; Chanute Air Force Base in Illinois; George Air Force Base in California; and Norton Air Force Base in California.

The Air Force closure program was phased to provide closure of the original five bases at the earliest opportunity while minimizing the impact on mission accomplishment. This allows the Department of Defense to take advantage of savings and revenue provided by reductions to Air Force end strength, base operating support costs, and anticipated proceeds from the disposal of the real property at the closure bases.

By the time we close the last base, Norton, in 1994, we expect all implementation costs for the five bases to be paid back. Additionally, we expect annual savings of approximately $410 million to begin in 1995.

I would like to turn now to current Air Force cost savings proposals which include studying the closure of four additional U.S. bases, and the withdrawal of forces from 11 overseas locations.

First, I will review those bases within the U.S. which we are studying for closure. They include Bergstrom Air Force Base, Texas, Myrtle Beach in South Carolina, Eaker in Arkansas, and Los Angeles in California. A decision to study Bergstrom for closure is based on a reduction within the Soviet military threat environment which has reduced requirements for end theater reconnaisance forces.

A corresponding reduction in training requirements could enable the retirement of some RF-4C aircraft and realignment of the remaining assets to bases with excess capacity. As tactical forces are streamlined to match the Soviet threat, the F-16 has evolved as the close air support aircraft, reducing requirements for A-10 close aircraft—air support assets.

This has led to the evaluation of Myrtle Beach for closure. The A-10's at Myrtle Beach could either be retired or used to modernize our aging fleet of forward air control aircraft. As the B-1 aircraft achieved operational status in the strategic nuclear role, we have and will continue to reduce the numbers of aging and costly to maintain B-52 aircraft.

Fourteen B-52G aircraft could be retired from Eaker Air Force base in Arkansas without degrading the ability of the Air Force to meet strategic objectives. This reduction creates excess capacity at Eaker and presents the opportunity to evaluate base closures.

The final U.S. base being evaluated for closure is Los Angeles Air Force base in California. For many years now the Air Force has been concerned about the financial hardships imposed on Air

Force personnel assigned in the Los Angeles area because of the very high cost of living in the Los Angeles area.

Relocation of assigned activities to other Air Force installations could solve this problem and make some very valuable property available for commercial development. The proposal could be feasible only if special legislation were passed to permit the sale or the exchange of base real property to offset the costs of construction at the receiving location.

The final determination on the economic feasibility of this proposal must await completion of our study, which is currently underway. Assuming prompt action and passage of special legislation, our preliminary studies indicate that we could begin implementation in 1991 and have the base closed in 1994.

Over the next year we will comply with Title 10, U.S.C. 2687 by addressing strategic operational budget for fiscal, environmental and local economic consequences as they relate to the closure of these bases. Additionally, we have initiated preparation of environmental impact statements at each of the four bases being studied for closure.

I would now like to briefly summarize our overseas cost savings proposals. We have taken several streamlining initiatives aimed at increasing our efficiency and thereby reducing operating costs. Those bases where forces will be retired or inactivated include Taegu Air Base in Korea where 18 RF-4 aircraft will retire; Zweibrucken Air Base in Germany. Disposition of the RF-4C aircraft is contingent upon the conventional forces Europe agreement.

RAF Wethersfield in the United Kingdom, a civilian engineering RED HORSE squadron, will be inactivated. Bases with forces being realigned include RAF Fairford, U.K., 13 rotational KC-135 tankers will realign to RAF Mildenhall in the United Kingdom; Suwon Air Base in Korea, 12 OA-10 aircraft will move to Osan Air Base in Korea; and Hellenikon Air Base in Greece, two rotational RC-130 aircraft will be relocated.

Finally, overseas bases where U.S. presence will either diminish or be completely withdrawn include Kwang-Ju Air Base in Korea. It reverts to a collocated operating base. Comiso Air Base in Italy and RAF Greenham Common in the United Kingdom, complete withdrawal as a part of the Intermediate Nuclear Forces Treaty and complete withdrawal of Air Force operations at two munitions sites in Turkey. As the Secretary of the Air Force testified before the House Armed Services Committee on the 8th of February, the initial estimated savings for the four U.S. bases and 11 overseas bases are $2 billion, with savings annually of $560 million after 1995.

This represents 93 percent of the total savings that were provided by all DOD closures recommended by the Secretary of Defense's commission. As you can see, the Air Force is aggressively implementing the closure of Pease, Mather, Chanute, Norton and George.

Additionally, this year we will evaluate the consequences of four more bases for closure. We have always worked closely with you and this committee. We plan to do so as we continue our study effort on the four new proposed closures. We will continue this process as we examine ways to reduce the current size of the Air

Force while maintaining a well-trained and equipped force ready for combat whenever and wherever required.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Boatright follows:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO

SUBCOMMITTEE ON MILITARY CONSTRUCTION

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

SUBJECT: BASE CLOSURES

STATEMENT OF: THE HONORABLE JAMES F. BOATRIGHT
Deputy Assistant Secretary of the Air Force for Installations

DATE: March 1990

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

Biography
United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330-1000

JAMES F. BOATRIGHT

James F. Boatright is deputy assistant secretary of the Air Force for Installations, Washington, D.C.

Mr. Boatright was born May 17, 1933, in Colorado Springs, Colo., where he graduated from Colorado Springs High School in 1951. He earned a bachelor of science degree in civil engineering from the University of Colorado in 1956 and attended the Federal Executive Institute in 1976.

A distinguished graduate of the Reserve Officer Training Corps program, he was commissioned as a second lieutenant in the U.S. Army Corps of Engineers in 1956. After completing a two-year tour of duty in the Army in 1958, Mr. Boatright began his professional career as a federal employee. He served with the Bureau of Reclamation, Grand Junction, Colo., as a civil engineer designing earth-fill dams and other hydraulic structures.

In 1959 he became a construction engineer with the U.S. Army Corps of Engineers in the construction management of Atlas missile launch sites in Kansas. As this construction effort neared completion in 1961, Mr. Boatright transferred to the U.S. Army Research and Development Laboratory, Fort Belvoir, Va., where he served as a civil engineer in the development of mobile construction equipment for Army construction units.

He began his career with the Air Force as a civil engineer in the Directorate of Civil Engineering, Headquarters U.S. Air Force, Washington, D.C., in 1966. His first assignment was as project engineer for Air Force construction in the Republic of Vietnam during the military buildup. In 1967 he was promoted to deputy chief, CONUS Construction Branch. He was named special technical adviser on legislative matters to the director of civil engineering in 1969. In 1970 he became deputy chief of the Engineering Division and was promoted to deputy director for construction in 1973.

Mr. Boatright has served in the Office of the Secretary of the Air Force, Air Force headquarters, since June 1976. He became acting deputy assistant secretary for installations in May 1979 and was formally appointed to this position in December 1981. In October 1982 Air Force environmental and safety functions were added to his responsibilities. In his present capacity, he is the senior Air Force manager, spokesman and defender of installations, environment and safety matters.

He is a registered professional engineer (civil/structural) in the District of Columbia and is affiliated with the Society of American Military Engineers. His awards include the Meritorious Civilian Service Award in 1976, Decoration for Exceptional Civilian Service in 1981 and 1988, Presidential Meritorious Executive Rank Award in 1985 and Presidential Distinguished Executive Rank Award in 1987. He also was awarded the Medal of Merit by the California National Guard in August 1986 and the Department of Defense Distinguished Civilian Service Award in 1988.

Mr. Boatright is married to the former Gloria Sellar of Augusta, Maine. They have three children: James Jeffrey, William Sellar and Jennifer Jane.

(Current as of March 1989)

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

It is indeed a pleasure for the Air Force to discuss base closures with you today. Over the past year, we have validated implementation requirements for the SECDEF's Base Realignment and Closure Commission recommendations and developed the gameplan which will allow closure by 1995. As you recall, the Commission recommended the closure of five Air Force bases--Pease AFB, New Hampshire, Mather AFB, California, Chanute AFB, Illinois, George AFB, California, and Norton AFB, California. As you can see from Table I, we are well into implementation on these bases and we expect closure of our first base--Pease--in the second quarter of fiscal year 1991.

CLOSURE SCHEDULE

	First Unit Moves	Closure Dates
Pease AFB, NH	Feb 1990	Mar 1991
George AFB, CA	Jan 1990	Dec 1992
Mather AFB, CA	Mar 1990	Sep 1993
Chanute AFB, IL	Mar 1990	Sep 1993
Norton AFB, CA	Mar 1990	Jun 1994

Table I. Closure schedule for Base Realignment and Closure Commission Bases

The Commission's recommendations for the five Air Force bases led to the large scale realignment of forces to 23 different bases. This occurred because force structure was not reduced in consort with the closures. Excess basing capacity allowed the Air Force to absorb the additional requirements and close the five installations. While excess capacity did exist for expansion at the realignment locations, facilities were required to beddown the incoming forces. As Table II illustrates, this led to a large MILCON bill. The current estimate for the MILCON program associated with the recommendations of the Commission is $1.05 billion including planning and design.

MILITARY CONSTRUCTION
($ in Millions)

Pease AFB, New Hampshire	7.4
George AFB, California	177.0
Mather AFB, California	172.4
Chanute AFB, Illinois	202.9
Norton AFB, California	418.1*
Planning and Design	72.6
Total	1,050.4

* The MILCON cost projections for Norton AFB will be significantly reduced by the subsequent decision to inactivate the C-141 unit rather than relocating it to March AFB. (See discussion at pages 7-8 of this statement)

Table II. Military Construction for Base Realignment and Closure Commission Bases

The Air Force closure program was phased to provide closure of the original five bases at the earliest opportunity while minimizing the impact on mission accomplishment. ~~This allows the~~ Department of Defense to take advantage of savings and revenues provided by reductions to Air Force end strength, base operating support costs, and anticipated proceeds from disposal of real property at the closure bases.

While $1.07 billion is required up front to close the Air Force bases, the General Accounting Office has confirmed the Base Realignment and Closure Commission's analysis that the bases will all pay back within six years of closure. Table III highlights the point that by the time we close the last base--Norton--in 1994, we expect all implementation costs for the five bases to be paid back. Additionally, we expect annual savings of approximately $410 million to begin in 1995.

COSTS and SAVINGS FY 90 - 95
($ in Millions)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
Costs	206	426	425	315	45	9
Savings*	18	62	164	569	819	996
Net	188	364	261	-255	-774	-987
Cumulative	188	552	813	558	-216	-1,203

* Includes anticipated proceeds from sale of real property

Table III. FY 90-95 Costs and Savings for Base Realignment and Closure Commission Bases

Implementation funding for fiscal year 1990 consists primarily of initiation of military construction projects designed to accommodate the movement of units into gaining locations. In compliance with the National Environmental Policy Act (NEPA), we will prepare disposal/reuse Environmental Impact Statements (EIS) with FY 90 funds. These EISs will be based on community reuse plans and should be completed in 1991. Additionally, there are a number of small unit moves. As we progress into fiscal year 1991, funding continues for military construction at the gaining locations. As construction projects at some locations become ready to receive incoming forces, large units begin to move. One base--Pease--relocates all personnel and force structure and closes in the second quarter of fiscal year 1991. Table IV. provides a funding breakout by base for fiscal years 1990 and 1991.

IMPLEMENTATION REQUIREMENTS
($ in Millions)

	FY 1990	FY 1991
Pease AFB	9.0	26.2
George AFB	56.5	113.3
Mather AFB	0	41.7
Chanute AFB	31.2	124.9
Norton AFB	96.9	96.9
Program Management*	12.0	22.9
Total	205.6	425.9

*Includes all MILCON planning and Design.

Table IV. FY 1990 and FY 1991 implementation requirements for Base Realignment and Closure Commission Bases

A primary concern during the implementation and disposal process is full compliance with the National Environmental Policy Act. Closure and realignment Environmental Impact Statements (EIS) are nearing completion at our five closure locations and EISs/Environmental Assessments are complete or underway at 23 realignment locations. Additionally, the hazardous waste cleanup process is ongoing. We have made a commitment to work closely with the communities as we identify our environmental areas of concern and property disposal plans. The Air Force objective is to develop a well balanced plan that maximizes the financial return to the Department of Defense, satisfies the community desires, and meets other Federal requirements such as the McKinney Act and the Bureau of Prisons. Milestones for Community reuse planning and Air Force EIS and Disposal Plans are portrayed on Table V.

NEPA and REUSE PLANNING MILESTONES

	Community Reuse Plan Complete	Reuse EIS Complete	USAF Disposal Plan Complete
Pease AFB	Sep 90	Jun 91	Jun 91
George AFB	Sep 90	Sep 91	Jun 91
Mather AFB	Sep 90	Sep 91	Sep 91
Chanute AFB	Sep 90	Sep 91	Jun 91
Norton AFB	Sep 90	Sep 91	Sep 91

Table V. NEPA and reuse planning milestones for Base Realignment and Closure Commission Bases

Turning now to current Air Force cost saving proposals, we will be evaluating the closure of four additional U.S. bases this year and will withdraw forces from 11 overseas bases. We have initiated the preparation of Environmental Impact Statements at the four bases being studied for closure. I will start by highlighting those actions which affect the Base Realignment and Closure Commission's recommendations.

The Air Force is undertaking an effort to streamline, modernize, and reduce training programs within the fighter and forward air control mission areas. Specifically, a decrease in the number of Forward Air Control (FAC) assets required, coupled with the modernization of the FAC force has affected one of the Base Realignment and Closure Commission recommendations regarding the closure of George AFB, California.

The Commission recommended realignment of 24 OV-10s and the personnel of the 27th Tactical Air Support Squadron (TASS) from George AFB to Davis-Monthan AFB, Arizona. Forward Air Control training is a primary mission at Davis-Monthan AFB which led to its logical selection for realignment of the unit. Additionally, in a domino effect, it was recommended that the 9 EC-130s of the 41st Electronic Combat Squadron relocate from Davis-Monthan to Bergstrom AFB, Texas. The Commission recommended this realignment primarily to make room for the incoming 27th TASS. Due to Forward Air Control force reduction and modernization, the Air Force has decided to retire the 27th TASS in place at George AFB rather than move it to Davis-Monthan AFB. By not moving the unit, we will avoid spending $1.6 million in military construction required to support the unit at the new location and some relocation costs. Retiring the OV-10s negates the requirement to realign the 41st ECS to Bergstrom AFB which could save $9.7 million in military construction and $8.5 million in relocation costs.

Bergstrom AFB, Texas, is one of the bases we are currently evaluating for closure. A decision to study Bergstrom for closure is based upon a reduction within the Soviet military threat environment which has reduced requirements for in-theater reconnaissance forces. A corresponding reduction in training requirements could enable the retirement of some RF-4C aircraft at Bergstrom AFB, creating excess capacity at the base. If the decision is made to recommend Bergstrom for closure, any remaining RF-4Cs could be relocated to installations with sufficient capacity to absorb the incoming force structure. Additionally, the closure of Bergstrom could provide a less costly alternative to the local community's plan to construct a $750 million commercial airport outside Austin, TX. Over the next year, we will address closure and relocation options along with the strategic, operational, budget, fiscal, environmental and local economic consequences related to the closure of Bergstrom.

Closure of Norton AFB, California, has been affected by changing airlift requirements, coupled with airlift force modernization by the C-17 aircraft. The

Commission recommended the closure of Norton and the realignment of 36 C-141s to March AFB, California, a Strategic Air Command base. Relocating over 8,000 people associated with Military Airlift Command and other tenants from Norton to March requires military construction that represents approximately one third of the total construction costs for all five bases--more than $340 million. The Air Force has decided to inactivate the active duty C-141 unit at Norton. This will avoid a major portion of the construction costs. Additionally, this action allows us to inactivate some of the oldest C-141 airframes, reducing the need for extensive maintenance. The Air Force is studying options to retain the trained Reserve airlift force from Norton and maintain the strong recruiting base for the Air Force Reserve in the Los Angeles area. One possibility would be to transfer the 445th Military Airlift Wing from Norton to March, as provided in the Commission's report, but with organic aircraft rather than in associate status. With this option, the 303rd Tactical Airlift Squadron at March AFB, presently operating eight C-130B aircraft, could deactivate. The estimated military construction to support this option is currently being determined.

Turning now to additional base closure actions that do not affect the recommendations of the Base Realignment and Closure Commission, I would like to discuss Eaker AFB, Arkansas; Myrtle Beach AFB, South Carolina; and Los Angeles AFB, California.

As the B-1 aircraft achieved operational status in the strategic nuclear role, we have and will continue to reduce numbers of aging and costly to maintain B-52s. Fourteen B-52G aircraft could be retired from Eaker AFB, Arkansas, without degrading the ability of the Air Force to meet strategic objectives. This reduction creates excess capacity at Eaker AFB and presents the opportunity to evaluate the base for closure. As with Bergstrom, over the next year we will address relocation options for the 14 remaining KC-135 tanker aircraft assigned to Eaker. For your information, preliminary analysis indicates there will be no construction required to support this closure.

Evaluation of the closure of Myrtle Beach AFB, South Carolina, is a function of reductions within the Soviet military threat environment and force modernization actions within our own tactical forces. As tactical forces are streamlined to match the Soviet threat, the versatile and modern F-16 is evolving as the Close Air Support aircraft of the future. This has reduced requirements for A-10 close air support assets. These reductions enabled either the retirement of A-10s assigned to Myrtle Beach or their use to modernize our Forward Air Control force. As you know, Myrtle Beach AFB is one of 11 Air Force civilian joint use airfields. We recently agreed with community requests to increase daily operations based on their expanded requirements. If the decision is made to recommend Myrtle Beach AFB for closure, this will allow the local community to transition the aerodrome to a full general aviation or commercial airport operation. Like Eaker AFB, there should not be any military construction costs associated with the closure of Myrtle Beach AFB.

The final base to be evaluated for closure within the U.S. is Los Angeles AFB, California. For many years now the Air Force has been concerned about the financial hardships imposed on Air Force personnel assigned to Los angeles AFB because of the very high cost of living in the Los Angeles area. Relocation of assigned activities to other Air Force installations could solve this problem and make some very valuable property available for commercial development. This proposal could be feasible only if special legislation were passed to permit the sale or exchange of base real property to offset the cost of construction at receiving location(s). The final determination on the economic feasibility of this proposal must await completion of the studies currently underway. Assuming prompt action and the passage of the special legislation, our preliminary studies indicate that we could begin implementation in 1993 and have the base closed in 1994.

The Secretary of the Air Force provided the figures shown on Table VI when testifying before the House Armed Services Committee on the 8th of February. The Table shows that the initial estimated savings for the four U.S. bases and 11 overseas bases are $2 billion with annual savings of $560 million after 1995. This represents 93% of the total annual savings provided by all DOD closures recommended by the SECDEF's Commission.

AIR FORCE EFFICIENCIES
Total Costs and Savings
($ in Millions)

	Costs 1990	Costs 1991	Total Costs 1990-1995	Savings* 1990-1995	Annual Savings After 95
Base Closure I	206	426	1,400	-2,600	-410
DMR	0	93	450	-11,400	-2,700
Base Closure II	11	111	550	-2,000	-560
Total**	217	619	2,260	-15,600	-3,500

* Includes one time and recurring savings and, for Base Closure I, projected receipts from sale of real property.
** Adjustment to avoid double counting.

Table VI. FY 90-95 Costs and Savings

I would now like to briefly summarize our overseas cost saving proposals. Withdrawals of force structure and personnel from overseas are again driven by reductions in the Soviet threat which allow us to reduce our forward deployment posture. We have taken several streamlining initiatives aimed at increasing our efficiency and thereby reducing operating costs. In some cases, the action involves retirement of force structure while at other bases, the force structure is relocated to achieve consolidation efficiencies.

Those bases where forces will be retired or inactivated include: Taegu AB, Korea, 18 RF-4C aircraft will retire; Zweibrucken AB, Germany, disposition of

RF-4C aircraft is contingent upon the Conventional Forces Europe agreement; and RAF Wethersfield, UK, a Civil Engineering RED HORSE squadron will be inactivated. Bases with forces being realigned include: RAF Fairford, UK, 13 rotational KC-135 tankers will realign to RAF Mildenhall, UK; Suwon AB, Korea, 12 OA-10s will move to Osan AB, Korea; and Hellenikon AB, Greece, two rotational RC-135s will be relocated. Finally, overseas bases where U.S. presence will either diminish or be completely withdrawn include: Kwang-Ju AB, Korea, reverts to a Collocated Operating Base; Comiso AB, Italy, and RAF Greenham Common, UK, complete withdrawal as part of the Intermediate Nuclear Forces Treaty: and complete withdrawal of Air Force operations at Munitions Support Sites located at Eskisehir and Erhac AB, Turkey.

In conclusion, I have outlined those cost savings initiatives the Air Force is evaluating related to the closure of bases within the United States and I have discussed the withdrawal of forces from overseas locations. The Air Force has carefully examined the large changes in our force structure and has made corresponding adjustments to the basing structure that provides support. By adjusting the base structure to align with the force structure it supports, the Air Force can achieve highly efficient and fiscally sound operations while continuing to ensure that national security strategy objectives are met.

As you can see, the Air Force is aggressively implementing the closure of Pease, Mather, Chanute, George, and Norton. Additionally, this year we will evaluate the consequences of closing Myrtle Beach, Eaker, Bergstrom, and Los Angeles. While Title 10 USC 2687 requires that we provide a decision to you with the submission of the FY 1992 budget, we have always worked closely with you and kept you informed of our future plans. We will continue this process as we examine ways to reduce the current size of the Air Force while maintaining a well trained and equipped force ready for combat whenever and wherever required.

Mr. **Hefner**. Thank you, sir.

We are going to do something a little bit differently. I am going to recognize one of my colleagues out of order because he has to chair another committee. Before we do that, I have a statement I am making on my own behalf.

FISCAL YEAR 1990 SUPPLEMENTAL APPROPRIATIONS

I am not speaking for the full committee, but before getting into this closure question, I want to talk a little about the Fiscal Year 1990 supplemental appropriations request. I personally have a problem with the Department's proposal to transfer money out of domestic MILCON projects to pay for M-1 tanks and for the Panama supplemental and Nicaragua supplemental.

Let me tell you why. The Department's proposal for 1991 to defer Milcon funds and transfer such funds to buy M-1 tanks has been ruled by GAO to be illegal. Now, as far as I am concerned, you can forget about my support for such transfer which is, in my view, nothing but a gimmick.

Now, you want to defer or cancel $81 million for 22 projects at sites of candidates for base closure even though these sites have not been announced as official closures. I could tell you that I have a problem when only one project in Europe is recommended for deferral to pay for the Nicaragua or the Panama supplemental.

Now, General Galvin testified recently that he is going to be proposing closing of a lot of the installations overseas, and right now you can only recommend to me only one project in Europe to defer or to cancel. Now, unless you can come forward and tell this committee, we may have to recommend alternative projects overseas.

These are my concerns. I haven't consulted with the full committee, but I have an idea that some of the members on this committee would have the same reservations when you are talking about congressional initiatives to pay for these other areas.

At this time I would like to yield to my colleague, Mr. Bevill, from Alabama, who is Chairman of the Energy and Water subcommittee, and has to chair at 10 o'clock. He has some questions. I will go out of order and let him ask questions.

FORT MC CLELLAN, ALABAMA

Mr. **Bevill**. Thank you, Mr. Chairman.

I will try to move along here expeditiously. As you know, gentlemen, the Alabama delegation is very much opposed to the closing of Fort McClellan. We are not opposed to closing it because we want it to operate even if you don't need it. We are opposed to it because, just a few months before this list came out, it was announced that this was one of the top training centers in the country.

We have the chemical school there. We have the military police school there. I am wondering what you are going to do with those facilities. We have got the chemical operations there that I am sure you are not going to try to move.

If you do, you will be in court for the next 50 years trying to locate those operations somewhere else. You have some real problems there. It really amazes me that you all come in here.

The Secretary of Defense was kind enough to meet with the Alabama delegation just a few weeks ago and discuss this very thoroughly. He says there will be no final decision until next January on Fort McClellan. But now you all are in here. If I understand your situation correctly, you are asking the Authorization Committee and the Appropriations Committee to give you all the power that Congress has. So I am a little bit disturbed about your procedures, especially when I look back.

The blue ribbon committee that was set up to close the first set of bases spent months making that descision. And, some little bases didn't have but two men working there. Now you suddenly come in here, wanting to close more bases overnight. You have got over 7,000 soldiers and over 3,000 civilians working at Fort McClellan and you don't even want to wait until the studies are approved.

Mr. Berteau, I understood you to say it was going to save a billion and a half dollars. But then you went on to say, you have got more studies to make. Then you start talking about how much it is going to cost in order to save money in the long run. So that puzzles me.

I have got a lot of questions here. This just doesn't stack up right. There is something very strange about it when you take one of the best training posts in the country, and you want the authority to close it overnight. This is inconsistent with what the Secretary of Defense said.

If you can't make a final decision until January, what are you going to do with this power? You want to close it now and to waive all these laws that are on the books for all these years?

Mr. Berteau. If I could, I will start at the end and work backwards and end up with Fort McClellan and let the Army talk there. The one and a half billion dollars in savings that I referred to is the savings from the closures of 86 bases associated with the Commission's recommendation.

There are no savings reflected anywhere in the budget that are built upon the assumption that we are going to close any of the bases in that second group that the Secretary proposed for study. You don't have—

Mr. Bevill. So Fort McClellan is not included in any of this?

Mr. Berteau. Fort McClellan is not included in either the costs or the savings associated with the 1.5 billion dollars.

Mr. Bevill. Not included with the waiver and the authority you want us to give you to close bases?

Mr. Berteau. We are not proposing you give us the authority to close bases without studying it. We would intend fully, and the legislation continues this, to look at the environmental, the budgetary, the local economic, the fiscal, the operational, and the strategic impact of any base before we would close it. We would continue to assess those areas fully as part of that closure process before we would make a decision.

What we are asking for in the waiver is the following: after we have gone through those studies, under the current law, we have to wait until the next budget submission regardless. Let's say we completed a study in April and it said clearly, it is to your advantage across the board to close this base, independent of what base it is.

Under the current law we have got to wait until next January's budget submission before we can come forward and ask the Congress, or tell the Congress that is what we are going to do.

Mr. BEVILL. That is the normal procedure, isn't it?

Mr. BERTEAU. That is the normal procedure.

Mr. BEVILL. But you want to cut that short?

Mr. BERTEAU. We have so much we have to bring down here, we would like the ability. The Secretary has asked for the authority when the study is concluded, if the study points you toward a decision of closure to be able to tell the Congress at that point instead of having to wait until the following January in order to do it.

That is all we are asking for there is to be able to——

Mr. BEVILL. You want to speed it up. But you didn't ask for that power when you were closing these little one and two-man bases. You made a big deal out of saving $5 billion dollars out of $300 billion a year. That's just a drop in the bucket.

Now you are closing these bases that have thousands of people working there, and all of a sudden you want to speed it up.

Mr. BERTEAU. What we are talking about doing is not speeding up the study process.

Mr. BEVILL. You are speeding up getting the closing money. Is that what it is?

Mr. BERTEAU. It isn't even the closing money. What we would expect with the second round of proposals is actually it is going to be less expensive. The first round of bases from the Commission was built upon a steady state force structure, with no reductions in force structure anywhere.

Under those closures, anything that was going on at a base that you closed has to move somewhere else in order to continue doing it.

We were just trying to take advantage of excess capacity to become more efficient in that operation.

We are looking at a very different situation in the world today. We are going to be moving a lot of people. This is another issue, but we are moving a lot of people out of the military. We are taking a lot of force structure down. We are eliminating divisions. We are eliminating ships. We are taking air wings out of the Air Force. There is a lot of civilian work that goes away with all those reductions as well, because the civilian work force is there to support that force structure. So all that is going away.

Now we are not facing the situation where we have to move all that work to somewhere else. With respect to the specific questions you raise about Fort McClellan, particularly the chemical training issue, that is clearly a significant question, and that is part of what you look at in that study process, and unless you can clearly demonstrate that the alternative you would consider—because the Army is going to continue chemical training, chemical demilitarization training—unless you can clearly demonstrate that you can take care of that function more efficiently in the overall context somewhere else, then that will argue against that decision being made to close Fort McClellan, but you have to go through the study process in order to do that.

The reason the Secretary announced those candidates for study in January is—we could have started those studies without any announcement, without any notification at all, but then you run the risk of being accused of operating in the dark. You are secretly studying closing bases. You are not involving the public. You are not involving the Congress. You are not letting the world know what is going on.

Since we have to do the study before we can make the decision, we put it together as a package of candidate bases for announcement, proposed as candidates for study.

You can't presume that because Fort McClellan is on the list for study that it is absolutely going to close. Some of those 35, maybe one, maybe two, maybe none, maybe 10, I don't know, will not ultimately be recommended for closure.

Mr. BEVILL. Congressman Glen Browder, in whose district Fort McClellan is located, asked me to make this statement and ask this question. There are a lot of complaints about the Department of Defense moving too fast and circumventing the intent of Congress in the present base-closing and realignment process.

ENVIRONMENTAL IMPACT

I notice that in your proposed legislation you are asking that we do away with the applicability of the environmental impact law. Is that right?

Mr. BERTEAU. Well, what we have asked for——

Mr. BEVILL. Just, yes, or no. You can answer that.

I don't need to hear a speech.

Mr. BERTEAU. Using the word, "applicability," I would have to say, no. That is not what we are asking for.

Mr. BEVILL. You would have to say, no. What word would you use? You know what the question is.

Mr. BERTEAU. What we have asked for is a waiver of the NEPA, the National Environmental Policy Act, for the purpose of making the decision to close or not, not for purposes of clean-up or the environmental impact.

Mr. BEVILL. I got you. You want us to waive the period, 30 days or 60 days, whichever is longer, in which Congress might respond to your proposals.

Mr. BERTEAU. Yes, sir.

Mr. BEVILL. You want us to allow you to move at any time, not just during the annual budget submission, as required under present law, right?

Mr. BERTEAU. (Nods head.)

PROPOSED LEGISLATION FOR BASE CLOSURE

Mr. BEVILL. Isn't that inconsistent with what the Secretary told us? He pointed out that under the law, it would take him until January before he could even announce a final decision. But, you want all this power to move now.

Mr. BERTEAU. We have asked to change the law. Under the current law the Secretary has to wait until next January.

Mr. BEVILL. And you want the Secretary to be given the power to close or realign bases without regard to any prior enacted provision of law restricting the use of funds for closing or realigning military installations included in any appropriations or Authorization Act. Is that right?

Mr. BERTEAU. That's correct. That is what the Secretary has asked for.

Mr. BEVILL. This is really a speedy procedure here. You want Congress to give you all the authority to do what you want to do?

Mr. BERTEAU. Once we can in fact reach a justifiable and defensible position.

Mr. BEVILL. Is this true, all I have stated?

Mr. BERTEAU. With the exceptions of what I have commented on.

Mr. BEVILL. You have commented on the word, "applicability," but you explained that. Other than that, is it all true?

Mr. BERTEAU. Yes, sir.

Mr. BEVILL. You don't think this gives you too much power or power that rightfully belongs to the Congress?

Mr. BERTEAU. Well, I think from the Secretary's point of view he feels like he has a situation where he has to get rid of force structure. He has to get rid of budget and bring it down.

Mr. BEVILL. How much money did you say you are going to save by closing this base?

Mr. BERTEAU. We don't have an estimate for the savings for Fort McClellan.

By 1995 we would save one and a half billion dollars from the 86 bases that we have started the process of closing.

Mr. BEVILL. Yes, you are giving that figure, but you don't know how much it is going to cost to clean it up. You don't know how much it will cost to meet the environmental requirements.

Of course, you are asking to waive all these laws. I would like you to give a more detailed reason for closing this base in view of its record, and also the total cost of closing the base under the present law, without the waiver.

Mr. BERTEAU. That is the way our studies are going, is completely complying with the present law.

Mr. BEVILL. And, please tell us why this is more urgent than all the other bases the blue ribbon committee took months studying and actually visited.

Those are just questions I think need to be answered in all fairness.

I think the Congress would want to know the answers before they start waiving these laws and give you the authority to do just what you want to do.

Mr. BERTEAU. When we have that—all that information is being gathered, cost, relocation, everything else, not only for Fort McClellan, but for every one of the 35 bases on that list. When we have that, we will bring it over here and lay it out in front of you.

Mr. BEVILL. I can't speak for the Congress, but I think we are going to want that before we start giving you authority. We need to know what you are going to save, what you are going to do. You say give us the authority, and we will do the right thing, and we understand that language.

Then, by the time you all get out the door here there is going to be another group coming in telling us they need more defense money. They need more appropriations. Oh, you can't rock the boat now. Everything is too uncertain over there in Europe.

We don't know what Gorbachev is going to do. We don't know what Romania is going to do. We don't know what those countries are going to do. We can't be cutting the defense. And, here you all are wanting to expedite the closing of bases now.

Mr. **Berteau**. We are not trying to expedite the study. We clearly have to study all that.

Mr. **Bevill**. I know what you are trying to expedite. I would like more information on that. I think, frankly, that the Congress is going to want that. I would like to submit another question here for the record.

Please provide a status report on the $459,000 unit training equipment site this committee funded in the 1989 Military Construction Appropriations bill for Fort McClellan, just a few months ago.

Mr. **Berteau**. All right, sir.

[The information follows:]

The status of unit training equipment site monies ($459,000) appropriated for a 1989 MILCON project, at Ft. McClellan is as follows: This is a National Guard construction project for an addition to the existing unit training equipment site. This site is part of Ft. McClellan's, Pelham Range. It is 80% complete with final completion and inspection anticipated for June 1990.

Mr. **Bevill**. We would just like more information. I don't think we ought to just shoot from the hip on this. This is a serious move, and I don't think you need any shortcuts. And, I don't think Congress is going to give you any, frankly. Thank you, Mr. Chairman.

Mr. **Hefner**. Thank you.

I would like to ask each member, if they could, to hold their questions to five minutes. Mr. Boatright, you said the Los Angeles Air Force Base has long been talked about in terms of closure because of the high cost area of Los Angeles.

HIGH COSTS ASSOCIATED WITH THE WASHINGTON, DC AREA

I agree that is a high cost area. We have been talking here about the high cost of Washington D.C., and I think there is one place where we could start with realignment, right here in the Washington area.

Yesterday, we learned it is going to cost a billion dollars to rehab the Pentagon, and we understand that, and at the same time we see the Navy is paying something like $59 million per year for leased office space in Northern Virginia at Crystal City, and every time we bring it up to move the Navy someplace else, we get all the same old story.

But, you know, it is critical. The Navy has to be here close to the mother's milk of the Pentagon. They have got to be close to here and now we are going to build 600 Section 801 houses for the Navy.

We are top-heavy. I don't know why we need that much presence. I am not kicking the Navy. I am a strong supporter of the Navy. I don't see why you need as many Navy people as we have in Crystal City. Every other apartment in Crystal City is taken up with Navy people, and every other office, and we are going to build 600 more 801 housing units. So if you are going to be consistent, you are going to talk about the other place such as Fort McClellan and Myrtle Beach.

It seems to me with all the modern technology it is not absolutely mandatory that they be close to the Pentagon. You may disagree, and maybe comment on that for the record.

Mr. **Berteau**. Yes sir.

Mr. **Hefner**. It seems you lose some credibility when you talk about going to these different states and closing these bases and not taking into account what it is going to do to the economy of the civilians that work there. And then we don't address the problems that we have here.

In 1995, if my numbers are correct, we going to be close to $100 million a year in leased space in Crystal City. Now, I know it is very good for some developers here, and that is the free enterprise system. But there are other areas that we have suggested over and over and over again, and we never get any movement. I support the base closures and the realignments, but I think that if you are going to have any credibility, this is a good place to establish some.

Mr. **Alexander**. Will the Chairman yield?

Mr. **Hefner**. I will yield briefly.

Mr. **Alexander**. This is not the exact time to bring up this issue, but I just want to re-enforce and echo what the Chairman has said. We are not impressed with so-called cost savings by the Pentagon when we on this committee see lost opportunities to save in many, many instances millions of dollars, like the one which the Chairman has mentioned. We all have heard that we are spending $50 plus million a year in leasing space for the Navy across the river in Arlington, and Crystal City when we are disposing of land across the river in Maryland.

It doesn't make any sense to us, or at least to two of us, that we are going about management in the proper way when we are paying all this money to lease space in one place and abandoning space in another place just across the river. That is why we question your policies and your plans. When my turn comes up I want to talk a little bit more about some policies.

SAVINGS OCCURRING IN OUTYEARS

Mr. **Hefner**. Mr. Lowery.

Mr. **Lowery**. Thank you, Mr. Chairman.

Let me just make a couple of observations. First off, I think this subcommittee has been very supportive of the base closure initiative. I was concerned when the commission concept was passed, and I understand why we did it, put ourselves basically in a straight jacket to make changes so we can at least get through the process, but it was passed under the auspices of some rather large cost savings.

We are finding that the base closure is not the solution to the deficit problem. In fact, I personally believe that we will realize outyear savings, but many have not taken into account that it is going to cost us a bit of money to get there.

It seems that is the way we always do things around here, all the good things happen in the outyears. It is short-term that is always more nebulous, but if you look at the costs, as the Commission originally proposed it was $300 million for the initial year. Yet, the

Pentagon upped that by $200 million to $500 million, which we approved.

In last year's request for fiscal 1991 they were looking at $500 million. That has now jumped this year to $916 million. You know, there is a tremendous cost escalation for implementation of this program, and so there are some real concerns. Mr. Berteau, as I look at the chart from your testimony on page 8, I have got to reach the conclusion that the savings that you are assuming are paper savings because they are not offsetting the cost.

In fact, in terms of appropriated monies, we have got a rather large amount of appropriated funds that are required some $2.76 billion through 1993.

LAND SALES ASSOCIATED WITH BASE CLOSURE

Let me just ask a couple specific questions here. Mr. Chairman, when my time is up you let me know. I will pick up some more on the second round. If 99 percent of the necessary military construction to implement the recommendations will be needed by fiscal 1993, and only 18 percent of the expected total land sales will be realized by then, is it fair to say that the up-front appropriations are going to pay for the military construction?

Mr. BERTEAU. There is a strong relationship between those dollars, yes, sir.

Mr. LOWERY. What other conclusion can you reach?

Mr. BERTEAU. We can't get the revenue from the land sale until we sell the base. We can't sell the base until we vacate it. We can't vacate it until we have the MILCON dollars allow us to move from it.

Mr. LOWERY. I understand the sequence here. It is MILCON money, I guess, that is going to pay for these costs. Now, by my calculations, if we include last year's reprogramming, the Department will need a total of $2.76 billion from fiscal year 1989 through 1993 to meet the five-year mandate.

Is that not correct?

Mr. BERTEAU. My numbers don't quite match that, but I think your arithmetic is probably right, yes, sir.

Mr. LOWERY. I am including last year's reprogramming.

Mr. BERTEAU. Yes.

Mr. LOWERY. If we consider 60 percent of the revenues from the expected land sales will not be realized until fiscal 1994 and 1995, if your estimates are correct, I have sat on this committee for some six years so I understand there are some changes along the way. But $1.7 billion will be left in the base closure account.

Mr. BERTEAU. At the end of that.

Mr. LOWERY. At the end.

Would you agree with that statement?

Mr. BERTEAU. I think that arithmetic is probably correct also, assuming the proceeds in land sales come as we expect them to.

ACCOUNTABILITY

Mr. LOWERY. Okay. Now, is it correct that the current law requires the department to turn back to the Treasury all funds in the account after the five-year period under current law.

Mr. BERTEAU. I don't think that is—it would—my understanding is that under the current law it stays in the account until it is appropriated, but—

Mr. LOWERY. Current law is it would stay in the account?

Mr. BERTEAU. Yes, sir, and what we are proposing in the Secretary's legislation is in fact we would make that account permanent, assuming that there is going to continue to be other base closures.

Mr. LOWERY. All right.

So it is the Secretary's initiative to make it permanent?

Mr. BERTEAU. Yes, sir.

Mr. LOWERY. What is the reasoning for that? If we are robbing from MILCON appropriated funds to implement this thing, the savings do not occur until the last two years, and there is going to be $1.7 billion left in the account. Why do we want to leave it in the account permanently?

Mr. BERTEAU. We are assuming that we are going to need, and I couldn't project how much we are going to need, but we are assuming we are going to need a substantial portion of that, some portion of that to execute additional closures. That is why we would like to leave it in there.

What I gather from your implication is that it might be some way that that could be used for other MILCON to offset essentially what is being paid up front.

Mr. LOWERY. I have got a whole lot of questions. It strikes me that the Congress, at least this committee, is likely to do rather than allow all of these funds to get merged somewhere down the road, I think we need some rather strict account. I think we ought to have a base closure one account, and let's follow that through to the very end and be sure of exactly what our costs are and what our savings are.

I think we ought to have a base closure two account next year when the recommendations will be made, after the studies are done so that there again we can have a level of accountability in this entire process.

Mr. HEFNER. Will the gentleman yield?

Mr. LOWERY. I will.

Mr. HEFNER. From what you want to do, you are not going to get that, because they are going to move the money for clean-up. My other committee over there, they are going to move that portion for the clean-up into another account, so it is going to be competing with other programs.

It is not going to have the same priority it would have if it were in this committee. Is that what you are talking about?

Mr. LOWERY. That is why, Mr. Chairman, I think we need to be very careful that we have an audit trail on these funds and figure out exactly what this thing is costing us because as many of us stated last year, I am not sure that there is huge savings to be realized here.

Now, over time we are probably going to save in operational costs, but maybe $700 million a year, that is nothing to sneeze at, but how much is it going to cost us to get there?

Mr. BERTEAU. Two comments, if I may, sir.

One, I think we agree absolutely that we need a very clean audit trail here, and whatever the best mechanism is to set up to do that, we will be happy to work with you on that. Second is that, compared to the $700 million in annual savings for the original round of base closure, I think you will see substantially more savings than that from subsequent base closures because, in fact, the force is going away rather than being moved somewhere-else.

Mr. **Lowery**. Sure, but I don't think you necessarily have to realign closed bases if you are going to realize those costs out of force structure reduction, which is where the lion's share, in fact the overwhelming amount of savings occurs.

It is in personnel and force structure, it is not necessarily in facilities. It is not to say we should not realign to do a better job, a more efficient job. I am not quarreling with that point, but to somehow say that automatically closing facilities translates to huge savings, I think, is over selling the program.

Mr. **Berteau**. That may be. We certainly can't be in a situation where we keep a base open just to keep it open.

Mr. **Lowery**. No reason for that. I don't want to see our Defense Department become some public works or jobs program. That is not the intention I have. This is strictly for national security.

Mr. Chairman, I do have additional questions, but in the interest of time I will wait for the next round.

Mr. **Hefner**. Mr. Alexander.

Mr. **Alexander**. Thank you, Mr. Chairman. I yield to the gentleman.

OPERATION AND MAINTENANCE AS A SOURCE OF FUNDING

Mr. **Coleman**. I thank you for yielding.

I have a meeting I need to go to, also. One of the things the Chairman said, and I would hope that you take the message back, is this: a lot of us support what the Chairman said with respect to that reprogramming business in the Central America assistance package.

I think that that is, once again, the shell game that we continue to play around here. And as one member on this committee, having been a member of the Armed Services Committee, I can tell you, I don't appreciate the shell game. I want to be real honest with you about your statement this morning concerning where you get the money. You all have just been talking about the base closure account, and about the environmental restoration issue.

O&M accounts? Not with my vote, ever. I don't think there is a leader in any of the Services that will tell you that is a good idea. That can't be right. When I say leader, I am talking about sergeants, you know, sergeant majors.

I am talking about officers who have units that they got to make sure function and perform. The things we bought over this last decade of buildup, we might want to mothball some of those. Okay, let's talk about that. Let's decide what we are going to eliminate. But O&M accounts? I understand that most people in the United States don't understand O&M accounts very well because it is not a D-5 or a Trident submarine. It is not one of the sexy items that we like to talk about in defense, but O&M accounts are the absolute worst place from which to take this money. And I am not going to vote for it.

If that is how the funding is—if any of it is going to come from there, then I am going to vote "no" on the legislation. I would hope I can convince most of my colleagues to do the same thing. This isn't a partisan issue. This goes across the whole issue. As far as I am concerned on where we get the money to pay for it, certainly, that can become partisan. I can tell you I am one member who is not going to agree to an O&M account being utilized in this fashion.

And even personnel accounts, I understand, may be considered. I don't know if you said that this morning or not, but I heard that even personnel accounts may be considered. If, in fact, we are cutting personnel we need to have that smaller force structure explained and all of that given to us before I will agree to it.

Mr. Berteau. My reference to that is that is where most of the savings will come from in the near years, from the 86 base closures, from the Base Closure Commission.

Mr. Coleman. But they are still outyears?

Mr. Berteau. We have some savings beginning in fiscal year 1991 out of personnel because we are winding up with about 2,500 fewer military personnel in 1991 as a direct result of the base closures. So you are starting to see some savings in the MILPERS account.

Mr. Coleman. That gets back to Chairman Bevill's question about timing. I just wanted to let you know that I would hope that the Commission's report doesn't prevent you from including cleanup costs under the base closure account. It doesn't do that, does it?

Mr. Berteau. No, sir, it does not.

Mr. Coleman. I think that is why we ought to go ask for the money. Let's not play the shell game anymore. Let's come forward and tell where we are going to take the money from to do these things. If we don't have the money in the account, we better go find it. I am not going to vote ever to take it from O&M accounts.

Mr. Berteau. I accept the point. I would like to provide some additional detail for the record. I won't go into it here.

[The information follows:]

I offer these additional details to clarify discussions centering on funding of environmental clean-ups at closing bases. There are three primary sources for funding available. The base closure, DERA, and O&M accounts. Nothing in the base closure act prohibits the use of the base closure account for environmental clean-up however, funding is limited. The DERA account has some restrictions. DERA funds must be used on a "worst first" basis and do not cover certain types of clean-up, such as, PCBs and asbestos. The Services use their O&M funds prudently because it must accommodate the needs of all installations; active, realigning, and closing.

The breakdown of DoD's FY 1991 budget estimated for environmental costs follow:

[In million of dollars]

	Fiscal year—			
	1992	1993	1994	1995
DERA	34.3	21.6	15.9	5.4
O&M	111.7	74.9	91.3	7.9
Total	146.0	96.5	107.2	13.3

Mr. **Coleman**. Thank you, Mr. Chairman. Thank you, Mr. Alexander.

Mr. **Alexander**. Mr. Secretary, I want to echo Mr. Lowery's remarks a minute ago that we on this subcommittee have always been bipartisan. There is not a member on this subcommittee that does not support a strong military for this country. But, we have a real honest-to-God red-blooded American debate on our hands.

And I, for one, believe what the Constitution has said, that is it is the job of Congress to provide for the common defense. I did not vote for the base closing bill because I thought it was wimping out on the issue. I don't intend to vote for any other like legislation.

I mean, I feel like the Secretary of Defense ought to walk up here and say, "Okay, fellow, here is the plan," and none of this blue smoke and mirrors that my friend from Texas was talking about a minute ago. We don't like those kind of games, although we are forced sometimes to play them. I, for one, want to have my say in this debate. And I intend to.

CLOSING OF OVERSEAS BASES

There are many, many bases over in Western Europe that are unnecessary, totally unnecessary. First of all, Communism has collapsed. We realize that the Soviets have got the hardware out there, but, they don't know what to do with it, don't have the policy. Furthermore, the Europeans have become wealthy over the last 45 years.

They are capable of paying for their own defense. I think we ought to bring our troops home. Now, I agree with the idea of dual basing and maintaining command and control structures, of maintaining our bases in Western Europe so that we can use them for maneuvers, for emergency redeployment, for all those things, but, I am advised that the Air Force, for example, does not have enough ramp space in CONUS, in the Continental United States, to bed down all of the airplanes that we might be bringing home from Western Europe. So, therefore, it makes no sense to me to close any bases or to study closing bases in the Continental United States until we in this Congress in concert with the administration, have formulated a post Cold War era defense and foreign policy. That is going to take a little time.

It is not going to happen overnight. It took 45 years to get where we are today. It just makes absolutely no sense to me to study closing down bases here when we don't know how many airplanes and troops and so on we are going to be bringing home from Western Europe. I, for one——

Mr. **Lowery**. Bill, would you yield?

Mr. **Alexander**. Sure.

Mr. **Lowery**. Just a couple questions.

Mr. **Alexander**. Well, let me make one other point, and that is to say that the post Cold War era defense policy must also include a criteria for base closings, and that criteria must be established, must be formulated as a part of the debate that will ensue in the United States Congress.

I will be glad to yield.

Mr. **Lowery**. I appreciate your yielding. I have two questions.

What should our level of force be in Europe? You are talking about taking it down to close to zero?

Mr. ALEXANDER. Oh, no. I think Schlesinger, who is a good Republican and a good citizen, has said 90 percent. I think that is openers. I think that is something for debate.

Mr. LOWERY. Ending up with how many United States forces in Europe?

Mr. ALEXANDER. Well, I can't answer the question because I haven't had time to go over and study that. I used to attend NATO conferences but, I haven't had time to look into those things.

I certainly wouldn't want to do anything that would hurt our defense in any way, but for openers, we could do with 50 or 75 percent less U.S. forces in Western Europe, keeping 25 percent for maintenance, for command and control, and for coordination of maneuvers and so on and so on.

That is, of course, subject to debate. It is a ball park figure.

Mr. LOWERY. I suspect we will take it down to 50 percent before we are all said and done, and maybe more, but if we do take them back, are you suggesting that we have those troops here in the Continental United States as opposed to decommissioning them outright?

Mr. ALEXANDER. Between the collapse of Communism and the formulation of a post Cold War defense strategy, I think we need an interim policy. That interim policy should be to bring our troops back and bed them down here until we decide if we need them.

That satisfies both sides of the debate. It satisfies the argument that the Communists are still coming, and it satisfies the argument that we don't need them.

Mr. LOWERY. That would sure be an expensive appropriation.

I think we could probably move faster than that. I think the administration plans to move faster than that in the context of the treaties that we are likely to negotiate and complete this year, and we are going to see some rather sizeable decommissioning.

It looks like about five army divisions and how many air wings? Seven air wings? But I don't know what good they do us back here in the United States. We will have reserves. We will have guard units, air guard units where if we have to mobilize we will be able to do so.

If we are going to achieve any savings at all, those savings have to be accomplished by reducing end strength.

Mr. ALEXANDER. It is an interim policy. It saves money because it costs more to keep our troops in Europe than it does in the United States. There are enormous cost savings by bringing them back home during that interim period.

I expect it will take several years to formulate this post Cold War defense policy.

Mr. LOWERY. It is going to cost a lot to bring them back. It is going to cost a lot to provide the facilities for them once they are here. I am not sure there is much savings to be achieved.

Mr. HEFNER. We could go on with this debate——

Mr. ALEXANDER. I am just warming up here.

Mr. BERTEAU. I have been biting my tongue the whole time here.

Mr. ALEXANDER. This would be characterized as spring practice here.

Mr. Berteau. Spring training.

Mr. Hefner. You are going to have a lock out.

Mr. Lowery. We hope you found it interesting.

Mr. Berteau. Yes, sir, absolutely.

Mr. Hefner. Did you finish?

Mr. Alexander. Thank you, Mr. Chairman.

Mr. Hefner. I couldn't tell there for a minute. I am just jumping in occasionally.

Mr. Alexander. I am not finished, Mr. Chairman. I am just out of time.

BURDEN SHARING

Mr. Hefner We will make another round. I think one of the real debates that we are making in this committee, that we have talked about over the years finally is getting some legitimate recognition and that is burden sharing but I guess we are not big enough for burden-sharing.

I think that it is going to play a big part in who comes, how many stay and what the Europeans, Japanese, and Koreans are going to say.

They are the ones who have benefited the most from our umbrella over the years. They have become rich and fat, and now as long as we are going to stay there and pick up the cost, they would love to have us. They would like us to continue there, but I think those days are gone.

Mr. Thomas?

Mr. Thomas. Down to me, Mr. Chairman?

Mr. Hefner. Yes. If you don't want any time, that's all right.

BASE CLOSURE COMMISSION

Mr. Thomas. No. Thank you, Mr. Chairman.

In your testimony, Mr. Berteau, you state that the Defense Department opposes Congressman Aspin's proposal to form a Base Closure Commission study. You also go on to state, and I quote, "Base closures are an executive branch function that is most effectively left to the Secretary of Defense, who has the responsibility to manage the Department's base structure.

"A Commission cannot be as expert as the military departments and Joint Chiefs of Staff in dealing with the complex issues of national military strategy, forces, forward deployments, mobilization plans, and treaties." And yet on page 10 of your testimony, when you were referencing the work of the Base Closure Commission, you cite the GAO report of November 29, which affirms the soundness of the methodology used by the Commission to identify candidate bases and to estimate the costs and savings.

You also state the Commission did not make any mistakes when making the selection of the closures. So my question is, how can you on the one hand condemn the Commission concept being proposed by Congressman Aspin to examine the new list of closures and realignments while at the same time praising the work of the Base Closure Commission established in 1988?

Mr. Berteau. That is a good question. And I don't say that because I don't have an answer. The fundamental difference, if you look at what the Base Closure Commission did and their methodology, was that the Commission said let's look at the military value of the base. Let's look at the excess capacity. Let's line it up, and see how we can be more efficient.

The very real difference you have today is in fact very similar to what Mr. Alexander was talking about. What you have to do is line up the following questions: What is the force structure we want to have at the end? Where do we want the force structure to be deployed? What part is going to be in the active forces? What part is going to be in the reserves? What part is not going to be in there at all? What are the likely missions and scenarios, etcetera? That has got to line up with what the base structure has to be at the end, a very different situation than what the Commission faced, where they basically assumed the threat was stable, warning time was stable, scenarios were stable, force structures were stable.

So the methodology they used to evaluate that and which the GAO validated and commented on there was, in fact, a methodology that was, if you will, reasonably simple with all those given assumptions laid out there. All that is by the boards now. You just can't say, okay, now we know exactly what to assume here.

That is what makes it so much more difficult for a commission to grapple with this today because they basically have to wait until we had all those things answered. You couldn't work them in parallel, which is the way we can do it inside the Pentagon. That is the Secretary's view on that.

Mr. **Thomas**. This has already been brought out, and there probably is not a less partisan person on committee than I am.

Mr. **Hefner**. I would certainly not think so.

Mr. **Thomas**. I mean, it just doesn't fit my demeanor or my personality to be partisan. But as I look down this list of new bases recommended for closure, 29 of the 35 bases listed as candidates for closing in the U.S. are in Democratic districts, six are in Republican.

Ninety-one percent of the military personnel that would be affected by closures are in the districts of Democratic House Members. Ninety-nine percent of civilian layoffs from closures would come in Democratic districts; 95 percent of military personnel affected overall would be in Democratic districts. Ninety-four percent of civilians affected overall would be in Democratic districts.

Now, there is no use in us getting into this. Everybody knows who is speaking. I would just submit to you. that a bipartisan commission would a long way in defusing this and help make the whole thing work a lot better.

Mr. **Lowery**. Lindsay, would you yield? Where do you get those conclusions?

Mr. **Thomas**. I have them here, Bill.

Mr. **Lowery**. Some 90 percent of the employees live in Democratic districts?

Mr. **Thomas**. Well, if these figures are not correct—but this came from the Armed Services Committee.

Mr. **Hefner**. The DCCC put them together, and they are accurate.

Mr. **Lowery**. The DCCC, of course.

Mr. **Thomas**. I think this would maybe bear——

Mr. LOWERY. I think that is stretching it a little bit.

Mr. THOMAS. I actually found it a little bit humorous.

Mr. FAZIO. I thought it was worse than that. I was really relieved to see it wasn't as bad as I thought it was.

Mr. KOLBE. If the gentleman would yield, I would say how successful you have been in getting 99 percent of the personnel in your district.

Mr. HEFNER. The gentleman is out of order.

Mr. BERTEAU. Being involved in putting together the list of proposal candidates, the 35 bases that are candidates that the Secretary announced on January 29th. As hard as it is to believe, I am sure. The fact of the matter is that we did not look at political distribution of that until in fact the whole list was put together.

As you can no doubt expect we have heard as many yells and screams, particularly on the Senate side where the distribution of the numbers is substantially different than it is here by virtue of the fact that they represent whole states.

The screams that have come up have certainly been bipartisan, but in terms of determining the candidates to study, we didn't even know the distribution until we rolled them up and broke them out by state and district. The Services came to these proposals independent of one another and independent of what the what total impact of that was. The district or State was not a factor in either the decision to put something on the list of candidates nor was it a factor in terms of taking some bases off the list. If you look at the list, there are some very influential people whose districts are affected by those.

The Secretary was quite firm in his guidance that no politics will be built into his submission of candidates for study. I know that we can quarrel about the numbers. There are different ways you can calculate the numbers, but they all come out hitting Democrats harder. Obviously, there are more Democratic districts and more Democratic jobs affected.

That was not a factor inside the Pentagon as he put that together.

Mr. THOMAS. I accept your statement. I have personally been quite pleased by the plan because my district is in pretty good shape.

Mr. HEFNER. You have been so bipartisan, that is the reason.

Mr. THOMAS. Let me go on, if I might. I have just another minute or is my time up, Mr. Chairman?

Mr. HEFNER. One more minute.

ROBBINS AIR FORCE BASE, GEORGIA

Mr. THOMAS. By January of next year the Secretary has recommended actions which would result in civilian manpower reductions of Robbins Air Force Base of approximately 1,300 personnel. Under current law does this action qualify as a large realignment and therefore require the Secretary to submit the six analyses on the impact of the proposed alignment? As a followup to that, if it does not qualify as a large realignment, is any impact assessment required before the reduction in personnel proceeds?

Mr. Berteau. My understanding is under the current law that would meet that test. Is that right, Jim? Because it passes a thousand civilians, and that is what current law?

Mr. Thomas. So it will require the six——

Mr. Boatright. It is my understanding this is a reduction in force only so therefore it does not trigger the requirements of 2687, and we do not plan any studies under 2687 for that announced reduction in force at Robbins.

Mr. Thomas. How does this proposal compare to actions being recommended at other Air Force logistical centers or have similar reductions in personnel been recommended there?

Mr. Berteau. There is a total of about 10,000 personnel out of the Air Force logistics command across the board as a result of the Defense Management Report.

Mr. Fazio. In my district.

Mr. Berteau. There are five Air Logistics Centers. Four of them happen to be in Democratic districts, one in a Republican district, but that is just where the five, and they are all coming down. They are all coming down.

PERSONNEL REDUCTION GOALS

Mr. Thomas. One follow-up, and I will submit the rest for the record. Am I correct that the Defense Department hopes to meet these personnel reduction goals through natural attrition and early retirement options as opposed to actually firing these people, and when do you expect to meet the proposed goal?

Mr. Berteau. Across the board that has been our hope. It is my expectation that there will inevitably be a point where we won't be able to do that and there will be some specific installations or specific sites where the reductions in personnel are going to lead to a reduction in force.

Mr. Fazio. Will you yield on that?

Mr. Thomas. I think my time is almost up. I will yield whatever time I have.

Mr. Fazio. I had heard that the Logistics Command had asked, the Air Force had asked for early-out retirement and had not been given that authority by OSD.

Mr. Berteau. That the Secretary of Defense has not elected at this time yet to forward that to OPM for approval.

Mr. Fazio. And OPM may not want them to, as well, is that correct?

Mr. Berteau. We go to OPM.

Mr. Fazio. OMB is not particularly anxious to have those extra costs accrue either. In other words, the individuals who are going to be RIF'd are going to be hurt because people have not chosen to take what I think is a more humane approach to managing people.

Mr. Berteau. I don't think it is our policy and I don't think we will put a RIF through without going through the early out.

Mr. Fazio. So you think inevitably the OSD will heed to the requests of the Air Force?

Mr. Berteau. I think before we do a RIF, we will do that. We are still optimistic that we are going to be able to offer those individuals jobs elsewhere within the Federal Government, and those that are willing to move we think we can accommodate them without having an early out.

However, if we should get into a RIF action, we would certainly be seeking from the Office of Secretary of Defense some relief that would allow some early outs.

Mr. HEFNER. Just as an aside, Mr. Thomas mentioned or somebody mentioned that the joint chiefs would have a tendency to be more cognizant of what was needed, but sometimes something happens. You use the joint chiefs sort of like we use old political heroes. When they agree with us they are great guys, but when they get out of office sometimes you change your mind as they have just recently.

I am certainly not partisan. I have been in Dick Cheney's district when we gave impact aid out in Cheyenne when there was a Democratic governor out there, but it makes you just a little bit suspicious at times.

Mr. BERTEAU. If I could comment on those freeze waivers in the process by which we are going at it.

Mr. HEFNER. I hope you are going to have some more because there are a lot of other guys on this committee, both Democrats and Republicans who are affected.

Mr. BERTEAU. What we saw in OSD were a couple of high priority waivers that popped up by themselves, rather than as a package.

Mr. HEFNER. You had some deadlines.

Mr. BERTEAU. We have had a number of additional waiver requests come in, and they are coming in in packages now, 35 from the Army and nine from the Navy all at once, and so we are rolling them together in packages.

We had a decision yesterday on a number of Army ones, and I think we are about ready to—I know we are informing this committee and——

Mr. HEFNER. But you had to be some IOC deadline. I mean, that was the justification.

Mr. BERTEAU. That was the justification for that particular one. There are a whole host of reasons why people are eligible.

Mr. HEFNER. We don't meet those. That is not a problem.

Mr. BERTEAU. There are a lot of other reasons that would justify a waiver request.

Mr. HEFNER. I hope you give us some more to remove that little doubt that we have. I would hope you would give us some more.

Mr. LOWERY. April 30th will be here in no time.

Mr. HEFNER. Oh, sure. Well, I will just raise that.

Mr. BERTEAU. I will send you a list of the Army ones that were approved yesterday. I will sign that over to you this afternoon.

Mr. HEFNER. Would you do that? I would certainly appreciate that.

Mr. Kolbe?

DAVIS-MONTHAN A.F.B., ARIZONA

Mr KOLBE. Thank you, Mr. Chairman.

I think the questions here this morning obviously reflect not only the frustration but also the skepticism of members of the committee both about the way the base closure process has worked and about the recommendations on the next round.

It is hard to know where to really focus my questions, but to try to stay within the Chairman's time limit, I would like to start in this first round by focusing on a particular base realignment decision that I think has some very interesting applications for the overall first round of base closings.

It comes to my attention because it affects my district, and that is the realignment of aircraft from George Air Force Base to Davis-Monthan and from Davis-Monthan to Bergstrom. I would hasten to add that it is an equivalent trade-off for Davis-Monthan and my district so it really doesn't make that much difference.

We heard Secretary Berteau say here earlier, and I wrote the words down, that we are completely complying with the present law. But now the Air Force has announced that they are not going to go ahead with this swap of aircraft required by the base closure law because, in the case of the OV-10's, these aircraft are going to be deactivated.

In the case of the EC-130's, Bergstrom is going to be closed so there is no reason to take these aircraft out of Davis-Monthan in my district. My question to you is please cite for me the specific authority in the base closure law which allows you not to go forward with this particular realignment——

Mr. BERTEAU. I can get you a legal citation for that, and I will have to do that. I will have to get it for the record. It is basically a question of the degree to which the subsequent Authorization and Appropriation Acts would supersede the legislation.

[The information follows:]

Section 2687 of Title 10 provides the authority and statutory procedures to follow in preparing closure recommendations.

Mr. KOLBE. So you are asking now for a change in the base closure realignment package as was originally submitted?

Mr. BERTEAU. I am not a lawyer, so I would be remiss if I said that that is specifically what we are doing. There are—my lawyer is handing me a note, but I am not even going to attempt to get into the legal description.

I will be glad to let him do that if you want to get into that now, but there are three fundamental policy issues that impinge upon this. One is whether or not we are actually implementing everything the Base Closure Commission said to do, and in terms of the bases that are closing, it is absolutely true we are doing that across the board.

In terms of the receiving bases, you run into situations now where in fact what the Commission said, was to transfer the mission and forces somewhere else. Now, in 1990 we want to take those forces out of the force structure entirely, because they are obsolete and unneeded in terms of the threat today.

We are prohibited by the law from taking that force structure, that causes problems.

In other words, if we have to bring down the overall force structure, but can't touch anything that was moved as a result of the Base Closure Commission, then we are going to wind up with a very skewed force structure. So just from a rational viewpoint, that doesn't make sense.

Mr. KOLBE. I agree.

Mr. BERTEAU. And the way that spills over, then, into the round two base closure proposals is clearly a consideration, but we will give you our rationale in terms of the legal issues.

Mr. KOLBE. I would like to hear it because logic would tell me you are absolutely right. If subsequent changes in the world geopolitcal situation mandate that a mission that was planned to be moved, or realigned from one base to another, now should be deactivated, then it does not make much sense to keep it in simply because of base closure.

Mr. BERTEAU. And the Commission could not have foreseen it.

Mr. KOLBE. Could not have foreseen it.

Mr. ALEXANDER. Will the gentleman yield?

Mr. KOLBE. Yes, I yield.

BASE CLOSURE I

Mr. ALEXANDER. Mr. Secretary, you are not saying that you are proceeding now to study the bases that are listed for consideration for closure under the old law, are you?

Mr. BERTEAU. Yes. Yes, they are looking at the receiving bases.

Mr. ALEXANDER. How can you—do you have authority on the old closure law, the commission to study closing new bases?

Mr. BERTEAU. No, sir. That law covered only those. We are back to complying with Section 2687 of Title 10, and the studies of new candidates for closure.

Mr. ALEXANDER. The answer to my question is, no?

Mr. BERTEAU. The answer is, no. We wouldn't even think about doing that.

Mr. LOWERY. You are on Base Closure I only.

Mr. KOLBE. Well, my question is about Base Closure I. What is the specific authority? Again, I agree with logic of being able to make the changes, but as you know, this was all predicated on an all-or-nothing basis. The base closure legislation stated that Congress wouldn't pick and choose among boses, and I am just questioning under what current authority are we going to start to pick and choose which base closures or realignments we are going to go forward with.

Mr. BERTEAU. It would be under the 1687 authority as it is today. The procedures laid out in Section 2687 are being exercised with respect to the reduction of the OV-10's, for example, that we are going to transfer from Norton to Davis-Monthan. In fact, we would follow that legal statutory procedure, and that statutory procedure, when executed under the current law, says that first we do the studies on all six areas, and then we notify the Congress. The Congress then has the opportunity to take action if it so chooses.

If not, the closure goes into effect. We would have followed Section 2687, which, in fact, would be a statutorily supportable procedural process that would then address the legal issue you are raising, which is compliance with the Base Closure Act.

Mr. KOLBE. I am wondering whether you are going to have other changes that will affecting Base Closure I recommendations and decisions.

Mr. BERTEAU. There are. There are others. In fact, there is at least one in each service. Another example is the headquarters of the fourth Army at Fort Sheridan, which was going to transfer to Fort Benjamin Harrison. Under the current set of proposals, we are looking at eliminating the fourth Army entirely, so it won't have a headquarters anymore, either. We are looking at military construction we won't need to do and we are looking at transfer of a headquarters we won't need. So we face that in a couple of places. I think that will increase.

Mr. LOWERY. Will you yield?

Mr. KOLBE. I yield.

IMPACT ON MILITARY PERSONNEL

Mr. LOWERY. Let me follow up. I noticed a discrepancy on the base closure report on personnel and what you have submitted in your report on personnel. The base closure called for 7,748 civilian end-strength to be eliminated. Yet you have got that reduced to 6,110. On military end strength the base closure commission estimated 12,889. Yet you have that reduced to 9,259.

Now, if you are talking about further reductions because of arms control talks and budgetary savings and the like, why are you not reducing more people? You are reducing fewer people, and what gives you the authority to do that?

Mr. BERTEAU. I can give you the audit trail on the numbers, which is a relevant point here, but not the fundamental point. The services may want to add something on their own specific pieces, but basically what happened as we went in and started counting everything that was in the 145 bases affected by the Commission, really, because you are talking about gainers and losers all totaled.

We discovered in fact that there were a host of things in there that the Commission had not counted, particularly tenant organizations, which were not part of the major command, which were not part of that in terms of both civilian and military employees, and essentially we had to make a determination—okay, these people weren't in their base line, if you will. They were not specifically addressed, but in fact all those tenant activities have got to move somewhere else and be accommodated as well.

And that is where—that is the biggest chunk of the difference you see in terms of the numbers. The other is, by the time you got to the starting point where you count the savings, in some cases some of those had gone away for other reasons as well, but I can give you the clean audit trail there in terms of the number of both civilian and military, how we got there.

Mr. LOWERY. These are the only personnel you are attributing directly to base closure. There may have been other reductions, but it would be attributed to other reasons.

Mr. BERTEAU. It is offset. All the ones in the Commission by and large came out, but the total—was offset by those the Commission missed that we are keeping.

Mr. **Lowery**. I appreciate your yielding because I noticed that from another discretion.

Mr. **Kolbe**. I am interested in that last comment that the Base Closure Commission missed some items there. We heard earlier, of course, that the Base Closure Commission's work was virtually infallible. Everything they did was right, and I believe you endorsed every recommendation and finding that they made.

BASE CLOSURE COMMISSION'S RECOMMENDATION

Mr. **Berteau**. They admitted themselves they did not take account of every tenant activity at every installation.

Mr. **Kolbe**. I am just wondering in light of my other earlier question if there are other inaccuracies in some of the studies of the Base Closure Commission or of the data on which they were based, which would change the cost pay-back or the other values of making some of these realignments or base closings.

Could we expect to see other recommendations in the future to change the base closing recommendations?

Mr. **Berteau**. The only thing I would expect you would see would be, in fact, something like what you are seeing at Davis-Monthan, like what you would see at Fort Benjamin Harrison, where the force structure goes away and therefore we don't need to transfer it.

Mr. **Kolbe**. So even if the data does not support the base closure realignment, you are not prepared to make a recommendation to change that?

Mr. **Berteau**. I am not aware of any instance where, in fact, you would come to a different conclusion, where the change in—where the fact that the commission's numbers didn't turn out to be exactly the right number, that it would lead you to a different conclusion.

Mr. **Kolbe**. I will come back to that in my second round of questioning. Thank you.

Mr. **Hefner**. Mr. Fazio?

TIMELINESS OF ENVIRONMENTAL CLEAN-UP

Mr. **Fazio**. Thank you, Mr. Chairman. This is an interesting area of inquiry. I want to get back to it myself, but I would like to talk about environmental clean-up, if I could, for a minute.

Mr. **Berteau**. Yes, sir.

Mr. **Fazio**. As you know, we have an awful lot of people out there in these communities that have been affected who are very anxious to, the best they can, to translate the military presence into private sector jobs. But, until the facility is cleaned up we are really in a position of defeating the conversion process as well as the community's ability to recover jobs.

Hamilton Air Force Base is the prime example of where, 15 years down the road, we still really haven't produced anything for the community. The current Superfund prohibits the sale of contaminated property, and even if we try to fence off property in the middle of a facility, as we tried to do at Hamilton, we still end up limiting the potential for new uses of the land around it.

I don't think people are particularly anxious to put a house or an office building next to a toxic waste pit. Location, location, location, as they say in real estate, doesn't really make it a compelling sell.

So I am really anxious to know what we are going to do to get facilities cleaned up in a timely fashion. In my view, the Defense Environmental Restoration Act, which is already stressed for active duty facilities, is simply not going to be adequate to meet the needs of communities that are going to be in a big hurry to see clean-up occur, so I am wondering if you are willing to use the resources from the closure fund for accelerated clean-up activities.

Obviously, I have Mather Air Force in my district or nearby, and I am very concerned about the pace there. We have spent some $900,000 on studies at this national priorities list cite, the estimated clean-up cost is about $40 million. I would like it if you could provide for the record some sort of a schedule for clean-up activities, when they will be completed, what they will cost on a yearly basis, etc.

But what is your basic premise on specifically using the Base Closure account to supplement the DERA account for purposes of making a special effort to clean up the facilities that are on closure list number one, at least at the moment.

[The information follows:]

The estimated clean-up schedule and costs for Mather AFB is projected to be as follows:

[In millions of dollars]

	Fiscal year—					
	1990	1991	1992	1993	1994	1995
DERA	4.0	3.7	1.5	2.1	3.2	2.5
O&M	.620	2.9	2.5	2.4	3.0	0
Total	4.620	6.6	4.0	4.5	6.2	2.5

Environmental studies are in-progress. The Air Force anticipates clean-up at Mather AFB to coincide with, or supersede, the statutory requirements for closure.

Mr. BERTEAU. For fiscal year 1991 we made a determination basically that we were not going to use base closure account for those purposes, but both the current law and the Secretary's proposal would retain that authority for us to consider doing that.

With the bases that we are closing under the Commission, there are a number of those where, in fact, studies are still going on to determine the cost, as you point out, the preliminary assessments and the site inspections that really begin to scope it out and the investigations which are going to be time-consuming and take some money to go through and do it well.

There are actually a few bases which are moving forward in our current environmental restoration account procedures that were already national priority list sites and are moving into that area, and you mentioned one, which is Mather.

The intent would be, as we look at what those requirements are, to in fact look at the best way to fund them, and this would be a budget issue that we would obviously debate internally, 1992 on out through 1997, but we don't intend to close off that option of getting that funding from the base closure account.

We recognize that we have a very strong commitment and a strong incentive to clean up what is there, and particularly the relationship between clean-up and reuse. There are going to be some real strong technical challenges. We will not be able to restore everything to unrestricted use.

There will be some places where we are not going to get there.

Mr. FAZIO. Because of our current level of understanding and availability of technology?

Mr. BERTEAU. Yes, sir, at any cost, but wherever possible, as part of what we are trying to do to restore the economic benefits to the community, we want to make that installation or as much of it as possible available as soon as possible in a way that can be reused to restart the economy—I would be happy to yield to the Chairman.

Mr. HEFNER. I am at a bit of a loss to understand why you have separated—it seems to me this is going to delay you.

Mr. FAZIO. Absolutely.

Mr. HEFNER. By putting this in the Defense Subcommittee because it is going to be competing against different bases, bases that are——

Mr. FAZIO. And other pressures.

Mr. HEFNER. You could get—whatever you request is not always going to get—I mean, this is something that is not a real pleasant thing for us. But it seems to me that they have done themselves a disservice by accepting these two. You could really have some delays.

Mr. BERTEAU. In terms of using the base closure account to finance?

Mr. HEFNER. In Defense Subcommittee, yes.

Mr. BERTEAU. We have got about $817 million in 1991 in the environmental restoration account, and in other O&M within the services, for other compliance purposes and clean-up purposes is another $915 million rolled up. Both of those are O&M dollars. The environmental restoration account was set up by law and is controlled by essentially the same procedures as the Superfund.

We have to be very careful that the way we deal with these bases for clean-up purposes complies with all the pieces of the law and regulations, which, of course, are changing all the time as well.

Regarding your concern about not being able to have the funding, I think, really, the burden of that falls back to DOD in terms of being able to identify the requirement and then budget for it, not only in the budget year but in the outyear as well.

Mr. HEFNER. I understand that, if the gentleman would continue to yield. I understand that, and that is the burden, they have to do it. But then the burden comes getting the money to do it, and if we are going to realize savings by disposing of these lands and this sort of thing, if you get into delays, you are not going to get the savings, and it is going to—what I am saying, it seems to me what you have done is put yourself into a position that makes it very difficult to get the money to do the clean-up because it is going to be competing with a lot of other things.

And it seems to me this committee would understand it much better because if it had not been for this committee, you would have had $300 million instead of $500 million.

Mr. **Berteau**. We will certainly take that into consideration.

Mr. **Hefner**. I am just trying to—we are trying to help. We are from the government, we are trying to help.

Mr. **Lowery**. Vic, would you yield very quickly?

Mr. **Fazio**. Yes.

ENVIRONMENTAL RESTORATION ACCOUNT

Mr. **Lowery**. How much in appropriated funds are in these accounts? You have got authorization, but how much is appropriated in the accounts?

Mr. **Berteau**. In the environmental restoration account? For fiscal year 1990, which is the last year, we had full appropriation. In fact, the appropriation was higher than actually our request was.

Mr. **Lowery**. Okay.

Mr. **Berteau**. But the authorization and appropriation——

Mr. **Hefner**. But it wasn't specified before the base closure?

Mr. **Berteau**. For the environmental restoration we have to fold the base closure in with all the others. You have to follow a very clear national priority list plan.

Mr. **Hefner**. You have a lot of competition for those dollars. You have got a real problem on your hands.

Mr. **Fazio**. The Chairman is making a very good point. You have this committee responsible for base closure and the money to clean up those bases in the other subcommittee where they have got every other pressure on O&M accounts, et cetera, that you can imagine. And, it is going to only get worse as we have more and more reductions. So, if you really want to center the responsibility to take care of this problem of base closure in a timely way, I think you would be much better off to have a sub account or whatever in the base closure fund that relates to clean up of those sites that have been selected for closure.

Mr. **Kolbe**. Will the gentleman yield?

Mr. **Fazio**. Yes.

Mr. **Kolbe**. The gentleman has yielded to so many people.

Mr. **Fazio**. But everybody is helping me.

Mr. **Kolbe**. You have just made an important point, that this base closing environmental cleanup will have to be folded into the other national priorities.

Mr. **Berteau**. Yes, sir.

Mr. **Kolbe**. How are you going to comply with the law to complete Base Closure I by fiscal year 1995 and at the same time fold it in the other environmental cleanup?

Mr. **Berteau**. In some cases, in fact, we will have a piece of an installation which will not be in a situation where we can dispose of it by fiscal year 1995. It will no longer be an active base. For purposes of being an active base, it will be closed, but you are going to have unexploded ordnance ranges, for example, where in fact they are not cleaned up and disposed of.

Mr. **Kolbe**. Then these figures are meaningless?

Mr. BERTEAU. No, sir. The land sale proceeds, in fact, are predicated, are built completely on places where we know we don't have an environmental problem in order to be able to sell that land to do it, to the best of our knowledge.

Mr. KOLBE. Thank the gentleman for yielding.

Mr. BERTEAU. There is always the potential for a hidden surprise.

Mr. LOWERY. I thought you were going to say there will be no slippage in that schedule for land sale.

Mr. HEFNER. I think you have one at Fort Meade.

Mr. BERTEAU. That is the potential problem, but what we are looking at selling there doesn't include that piece of Fort Meade.

Mr. FAZIO. Mr. Chairman, I will wrap up on this line of questioning, then go back. I have some other questions to put in the record, but we asked in our 1990 report for a study on the cleanup of facilities that were included in the Base Closure and Realignment Act. Has that been included with the budget as requested? Has that been submitted to Congress?

Mr. BERTEAU. I believe it has been and it is part of the justification material there, although there may be some other justification material we owe you down the road.

Mr. FAZIO. I am not in a position to have evaluated it, to have it before us at this point. You think it has been submitted but you imply there is more work that needs to be done.

Mr. BERTEAU. We submitted that as part of the justification book for the Base Closure Account. My point is that in a number of the installations the studies are still going on, so that dollars in there are preliminary estimates of dollars.

Mr. FAZIO. The fact that those studies are going on really leads to the reason I was so skeptical about your earlier comment, which indicates that the real estate gains that we are to derive from the sale of these facilities has been predicated on those facilities that are clearly not going to present the cleanup problems for us. We don't really know, do we? The degree to which we have problems is still unknown?

Mr. BERTEAU. There is always a possibility.

Mr. FAZIO. I am not saying there are going to be surprises. Inevitably there are going to be some things that nobody really wanted to talk about, and the question of whether they undermine our sale of a facility or require a piecemeal sale is certainly going to hit the bottom line there in terms of how much money we can derive on schedule. So, all we are trying to do is, in addition to keeping faith with these communities, make sure that we meet our targets in terms of getting the money back in the fund that we expect.

If we let that drag out because of other budget pressures and divided jurisdiction, you know, we have made a real bait and switch for the communities, we have given them very little back and you haven't been able to fulfill your own goals.

Anyway, Mr. Chairman, thank you all for your help.

Mr. HEFNER. Thank you. I understand that we have a vote, and Mr. Chapman, we had agreed that we would let Members come after the subcommittee Members had asked questions. I understand Mr. Lewis is coming. You all have more questions?

Mr. LOWERY. I do, Mr. Chairman.

Mr. **Hefner**. The committee will recess and go vote and we will be back in as close to 15 minutes as we can.

Mr. **Hefner**. Mr. Lowery?

Mr. **Lowery**. Thank you, Mr. Chairman.

CAP ON BASE CLOSURE I

Let me get back to the cap for a second. We put a cap of $2.4 billion for construction, military construction family housing. Is that a reasonable cap, Mr. Berteau?

Mr. **Berteau**. On family housing?

Mr. **Lowery**. The total to implement the closure/realignment number one.

Mr. **Berteau**. I am not aware of a situation, particularly in light of the potential for declining force structure, that we are going to have to seek more money for that. There are a lot of specific issues folded under that cap. I don't expect that we would have to ask for anything more.

Mr. **Lowery**. This is just a cap on Base Closure I?

Mr. **Berteau**. Yes, sir.

Mr. **Lowery**. Can you assure the subcommittee that all the base closure and realignment will be met within that cap?

Mr. **Berteau**. To the best of my knowledge, yes. I am not aware of any issue——

Mr. **Lowery**. Let me put a question to the services. Have any of the services had to disapprove valid MILCON requirements to reduce the scope to the point where new facilities will be inadequate to support their needs to meet the cap?

Mr. **Boatright**. The Air Force has not.

General **Stofft**. No, sir.

Admiral **Buffington**. No, sir.

Mr. **Lowery**. I guess part of my concern is are we going to see regular MILCON funds used sometime after 1995 to make up for the scrubbing that is taking place now to cover the gap.

Mr. **Berteau**. We don't expect that.

Mr. **Boatright**. We are committed in the Air Force to do everything that is necessary for these receiving missions to accommodate them for the long term under the Base Closure Act.

General **Stofft**. The same with the Army.

Mr. **Lowery**. The Navy?

Admiral **Buffington**. Yes.

Mr. **Lowery**. Of course the Navy's was basically surrendering facilities that aren't going to come about.

Admiral **Buffington**. Yes, sir.

Mr. **Berteau**. The reason I mention the declining force structure is in fact for those places where there might be pressure on housing overall there is a potential for that pressure to be reduced, independent of the Base Closure Commission. I am not talking about using money outside the use of the Commission recommendations, but in terms of the overall family housing requirements across DOD.

Mr. **Lowery**. What efforts has the Department undertaken to ensure that projects programmed in the out years, at a receiving base were not taken out of the regular MILCON program and put into the base closure listing?

Mr. **Berteau**. We have gone through a project-by-project accounting to make sure that is in fact not the case, and as you know, under the terms of the MILCON freeze for new awards the Secretary announced back in January, each of the services is doing a complete review of all of their construction projects. They are submitting a report in to us the 16th of April, and our evaluation of that report will again sort of revalidate that very point you are looking at there.

MC KINNEY ACT

Mr. **Lowery**. How are the services meeting the other Federal requirements? The McKinney Act, for instance, as it relates to housing.

Mr. **Berteau**. With respect to the base closures, the 86 bases from the Base Closure Commission, each one of those will be run through the complete McKinney Act process. You also have the question of the drug rehabilitation centers, prisons and all that sort of thing.

Mr. **Lowery**. So Bureau of Prisons is working with you as well to use some of those facilities?

Mr. **Berteau**. The Federal facilities, including the McKinney Act, are at the top of the list as we run through the potential reuse. I might add we have already identified under the McKinney Act some 4,000 specific sites for potential use under that Act, and to the best of my knowledge we don't yet have a sponsor who has picked up any of those as a site. We are doing our best to offer those up, but there is not a lot of interest yet.

PRESIDO OF SAN FRANCISCO, CALIFORNIA

Mr. **Lowery**. Let me close on Base Closure I by asking about the Presidio. Last year the Defense Appropriations Conference report directed the Army to work with the Secretary of Interior to negotiate an agreement which can include leaseback provisions for continued activities for the reserves. The conferees earmarked an amount not to exceed I believe $1.2 million to lead with the use of, the planned use for the Presidio. What is the status of the earmark and has the Department responded to Secretary Lujan's January 9th letter to Secretary Cheney?

Mr. **Berteau**. We have had a number of discussions in respect to Secretary Lujan's letter. The specific written answer back from Secretary Cheney is on its way to him. He has not seen that and there are a couple of things he has to decide in terms of what goes into the letter exactly.

We are working with Interior in terms of that study. They have designated an assistant secretary who has been out to the Presidio. We have a meeting next week with them, internally. We would expect that we will participate with them in terms of the follow-up planning there and have offered a number of ways in which we can assist them.

The amount of the funding that will be tied up in that hasn't been specified yet because they are still scoping out a study, and we are still talking about what we would do with input to that study and the way we would assist them. Some of that assistance is in fact identical to the same kind of assistance we would give any potential reuser for any installation across the board. Interior essentially is not necessarily even a special case there. They just happen to be the receiver.

Mr. LOWERY. The mandated by law.

Mr. BERTEAU. The mandated by law receiver of the installation, yes, sir. We have a good cooperative association with Interior and we are moving forward on that.

Mr. LOWERY. Is there a legal problem on transferring the money to Interior to do the plan?

Mr. BERTEAU. The DOD would in fact be able to do it through the Office of Economic Adjustment. The Army cannot transfer the money. But under the Office of Economic Adjustment we can transfer planning assistance money to them.

Mr. LOWERY. How soon should that money be transferred? Will it happen within the two years for the Park Service to initiate the plan, implement it?

Mr. BERTEAU. I would fully expect that whatever the decision is, we will move the money quickly.

Mr. LOWERY. Could you get back to us for the record on that.

[The information follows:]

The particulars on the level transfer of monies to the Department of the Interior have not been completed. However, the Departments of Defense and Interior are working on solving this issue.

Mr. BERTEAU. Particularly what I would propose to do is that when the Secretary's letter to Secretary Lujan got back and as a result of the meetings we have with them that we give you a full status report on that.

STATUS OF ENVIRONMENTAL ANALYSES—BASE CLOSURE II

Mr. LOWERY. Mr. Chairman, I have just a couple questions on base closure II, and then I am done. What track are the environmental analyses on for the proposed base closures? What timetable are we looking at? The environmental review process will take how long?

Mr. BERTEAU. The amount of time between preliminary assessment and the initiation of remedial design and remedial action has generally tended to run us probably on the area of three to four years. In some cases we may do it in as little as 18 months. Sometimes it takes us as long as three to four years. That is essentially the Superfund process that you have to go through there, and reaching interagency agreements with the state involved and the Environmental Protection Agency before you can go into the remedial action.

A number of the sites and installations of course wouldn't fall under that, so the time frame would be shorter in terms of being able to complete the studies for those bases there. We have studies under way at all of them now. I think we actually have studies in terms of the preliminary assessments that are complete at a number of them. We are into the remedial investigation phase——

Mr. **Lowery**. Do you have to go to full EIS or are you just doing an environmental assessment?

Mr. **Berteau**. Under the NEPA, we need to do the environmental assessment. In some cases there will be a finding of a significant impact, we wouldn't have to do a full-blown EIS, but in the majority of cases we will have to do a full-blown EIS, and we are proceeding with that.

Mr. **Lowery**. So that has to be completed, if I understand the process correctly, before the Secretary can actually——

Mr. **Berteau**. We have got a schedule by base of what our estimate of that is, and I would be glad to provide you with that.

Mr. **Lowery**. Okay.

[The information follows:]

I've attached a tentative schedule of the environmental status report on candidates for base closure studies.

ENVIRONMENTAL STATUS REPORT - ROUND II US ARMY

Proposed Action Installation	10 USC 2687 Required	NEPA Document Type	Expected Completion
Army Ammunition Plants - Consolidate/Close			
Mississippi AAP, MS	No	EA	FY 90
Indiana AAP, IN	No	EA	FY 92
Kansas AAP, KS	No	EA	FY 92
Scranton AAP, PA	No	EA	FY 92
Longhorn AAP, TX	No	EA	FY 93
Sunflower AAP, KS	No	EA	FY 93
Hq Army Materiel Command - Reorganize			
Alexandria, VA	TBD		
Hq Depot System Command - Reorganize			
Letterkenny Army Depot, PA	TBD		
Army Materiel Comd Mgmt Activity - Streamline			
Aberdeen Proving Ground, MD	TBD		
Adelphi, MD	TBD		
Alexandria, VA	TBD		
Chambersburg, PA	TBD		
Fort Monmouth, NJ	TBD		
Huntsville, AL	TBD		
Rock Island Arsenal, IL	TBD		
Sacramento, CA	TBD		
St. Louis, MO	TBD		
Warren, MI	TBD		
White Sands Missile Range, NM	TBD		
Tank Production Lines - Layaway			
Detroit Army Tank Plant, MI	No	TBD	
Lima Tank Plant, OH	No	TBD	
Army Information Systems Cmd - Streamline	No	TBD	

ROUND II - US ARMY CONT'D

Proposed Action Installation	10 USC 2687 Required	NEPA Document Type	Expected Completion
Reserve Component - Reduction	No	TBD	
Ft. Knox, KY 194th Armd Bde - Downsize	No	EA	FY 90
Ft. Lewis, WA 9th Inf Div - Downsize	No	EA	FY 90
Ft. Ord, CA 7th Inf Div - Realign to Ft. Lewis	Yes	EIS	FY 92
Ft. McClellan, AL Close/Realign	Yes	EIS	FY 92
Ft. Hood, TX 2nd Armd Div - Inactivate	No	EA	FY 90
Ft. Gillem, GA Realign to Ft. McPherson	TBD	EA	FY 91
Ft. Sheridan, IL	TBD	TBD	
Ft. Meade, MD Criminal Invest. Cmd - Inactivate	No	TBD	
Ft. Sam Houston, TX Health Svs Cmd - Reorg	No	TBD	
Red River Army Depot, TX - Realign	Yes	TBD	
Sacramento Army Depot, CA - Realign	Yes	EIS	FY 92
St. Louis, MO TROSCOM - Inactivate	Yes	EA	FY 90

ENVIRONMENTAL STATUS REPORT - ROUND II US NAVY

Proposed Action Installation	10 USC 2687 Required	NEPA Document Type	Expected Completion
Close/Realign			
San Francisco Area - Includes	Yes	EIS	FY 91
NADEP Alameda, CA			
NAS Alameda, CA			
NSC Oakland, CA			
NAVHOSP Oakland, CA			
NAVSTA Treasure Island, CA			
NAS Moffett Field, CA			
Other Activities			
NAF El Centro, CA	No	EA(EIS)	FY 91
NAVSHPYD Long Beach, CA	Yes	EIS	FY 91
NAS Chase Field, TX	Yes	EIS	FY 91
NOS Louisville, KY	Yes	EIS	FY 91
NAF Detroit, MI	No	EA	FY 91
NAS South Weymouth, MA	No	EIS	FY 91
NAVSHPYD Philadelphia, PA	Yes	EIS	FY 91
NAVSTA Phiuldelphia, PA	Yes	EIS	FY 91

ENVIRONMENTAL STATUS REPORT - ROUND II US AIR FORCE

Proposed Action Installation	10 USC 2687 Required	NEPA Document Type	Expected Completion
Close			
Bergstrom AFB, TX	Yes	EIS	FY 91
Eaker AFB, AR	Yes	EIS	FY 91
Los Angeles AFB, CA	Yes	EIS	FY 91
Myrtle Beach AFB, SC	Yes	EIS	FY 91
Tonopah Research Site, NV	No	EIS	FY 91
Realign			
Davis-Monthan AFB, AZ	No	EA	FY 90
Eglin AFB, FL	No	EA	FY 91
Luke AFB, AZ	No	EA	FY 90
Nellis AFB, NV	No	EA	FY 90

ENVIRONMENTAL STATUS REPORT - ROUND II DEFENSE LOGISTICS AGENCY

Proposed Action Installation	10 USC 2687 Required	NEPA Document Type	Expected Completion
Realign			
DCASR*, Cleveland, OH	No	EA	May 1990
DCASR, New York, NY	No	EA	May 1990
DCASR, St. Louis, MO	No	EA	May 1990
DCASR, Dallas, TX	No	EA	May 1990
Air Force Contract Management Division Kirtland AFB, NM	No	EA	May 1990

*Defense Contract Administration Services Region

Mr. **Lowery**. What is the earliest those dates are going to come up?

Mr. **Berteau**. We have some completed in late 1991. I think some of the Air Force's and some of the Army's are completed in late 1990.

Mr. **Boatright**. Early December on all four of the Air Force bases that are proposed for study for closure.

Mr. **Lowery**. In early 1991?

Mr. **Boatright**. We plan to be ready for the Secretary of Defense to make a decision by the 23rd of December on all four of the proposals.

Mr. **Lowery**. Of this year?

Mr. **Boatright**. Yes, sir.

Mr. **Lowery**. For the Army?

General **Stofft**. On the three closures, we are looking now, sir, at the fourth quarter 1991. On those that are either downsized or realignments, we are looking at EA's. Somebody said we may have to go to an EIS on some of those. Those will all be completed by 1993, with the first ones coming in 1990, and then some each year.

Mr. **Lowery**. The Navy?

Admiral **Buffington**. We are going to do our best to have ours completed in 1990, December of 1990, this year.

Mr. **Lowery**. That is everything?

Admiral **Buffington**. Just the environmental impact statement, yes, sir.

Mr. **Lowery**. That is the statement?

Admiral **Buffington**. Yes, sir.

Mr. **Lowery**. That is the threshold that the Secretary needs to make a designation, a formal designation?

Mr. **Berteau**. In some cases. In others we will have to go on, depending on the impact, have to go on with the other half of that process.

Mr. **Lowery**. Okay. I would be very interested in seeing the timetable for each facility.

Now, assuming that Congress did not waive NEPA requirements for the base closure decisionmaking, when would you anticipate being able to formally notify Congress?

Mr. **Berteau**. On the round two closures? For most of them, I would hesitate to pin it down to an exact number, but for most of them we would expect to be able to notify Congress by next January.

Mr. **Lowery**. So it will be next year's budget submission. Okay. Mr. Chairman, that deals with my questions. Thank you.

Mr. **Hefner**. At this time we will recognize Mr. Chapman. He is not a Member of the subcommittee, but he had some interest in this area.

RED RIVER ARMY DEPOT AND LONGHORN ARMY AMMUNITION PLANT, TEXAS

Mr. **Chapman**. Thank you, Mr. Chairman. I appreciate this opportunity as a Member of the Appropriations Committee, although I don't serve on your subcommittee, to be here today, and I have questions that are basically base-specific concerning Army installations in my congressional district.

Two are on the hit list. One is the Red River Army depot, the other is the Longhorn Army Ammunition Plant. I guess the first question would be that if in fact a case can be made that it would not save money to implement the recommendations for realignment in the case of Red River, could we convince the Army and perhaps OSD to take another look at that. Would that be a fair?

Mr. BERTEAU. We are looking at that right now. In fact, the question of cost-effectiveness of that action is what is currently under study. The fact that the Secretary announced it as a proposed candidate doesn't mean that we judge the outcome of it already.

Much of this is wrapped into the study of potential streamlining of the overall depot situation that is under way. It is essentially a separate set of studies, if you will, across the supply depot and depot maintenance world under the Defense Management Report, but in addition we have the studies specifically under way with respect to Red River and the cost-effectiveness of any action that we might take associated with that and the alternatives.

That study process is currently under way, and we fully expect to be able to share that with you when those studies are done.

Mr. CHAPMAN. Do you have any idea what the time frame is on your completion of those studies?

Mr. BERTEAU. General Stofft, have you got specifics for us?

General STOFFT. The third quarter of fiscal year 1990 is the due date for the environmental assessment at Red River, and we intend to meet that.

Mr. CHAPMAN. All right. Now I am not talking about an environmental assessment. I am talking about whether it makes economic sense not to go ahead with the CDC, central distribution center, and move the supply at Red River to the East and West Coast.

General STOFFT. Yes, sir, that would follow. I don't think we will meet that timetable, but we intend to do that this year.

Mr. BERTEAU. We can get you the specific date of when we expect that, because that is included in the 2687 studies of Red River Army Depot. I am not sure we know the exact point we expect that now, but we will get you that.

Mr. CHAPMAN. Let me be as brief as I can. Here is the thing that jumps at me, and I understand I don't know the intricacies of all of the components of cost, but as I understand it, even with the deactivation of the division at Fort Hood and assuming that we accomplish what we hopefully will accomplish this year in negotiations, there will be troops coming home from Europe that would ultimately backfill Fort Hood to a troop level that very likely will meet or exceed even its current troop strength.

If in fact that is the case and Fort Hood is and would still then be the largest Army installation in the world, which is supplied now from Red River Army depot, which is in the same state, would either have to be supplied from Pennsylvania or California, if you move that supply mission and don't modernize RRAD.

They tell me that at the very least it would cost $1,000 per truck more to run a truck from either Sharp or New Cumberland. That is transportation alone. Labor costs could be in excess of $40 million a year more because the labor costs are significantly less in

Texas than they are in either California or Pennsylvania, and that the readiness of the Army would suffer simply because Red River now supplies 70 percent of its customers, including Fort Hood, overnight, the rest of its customers within one day. That could not be done from either Sharp or New Cumberland, and the 18 states in the Southern Command that now fall within the supply mission of the Army.

From the readiness standpoint, you can't supply your troops from those two facilities as well as you could with three, so from the standpoint of cost efficiencies, labor, transportation, logistics and readiness, at least to this nonexpert it looks like there is going to be a tough time justifying that recommendation, and until 60 days ago the Army claimed they would save $21 million a year by going ahead with the CDC modernization project.

This committee and the Congress have supported RRAD with authorization and appropriations, this year $70 million to actually start the Briggs-Morton construction of the new central distribution facility. All of a sudden 60 days ago General Tuttle comes in my office and says we don't need the CDC. They have been working on the CDC since the mid-1970s or perhaps even earlier, claiming it was vital, and some initial studies done by the people there would seem to indicate that there is no way in the world the Army can save money.

And I am curious whether or not the mindset of the Army is already made up or are there really cost analyses going on, because it looks to me like you have got Fort Sill, Fort Hood, you have got the actions recently in Panama, you have got one supply depot sitting on a fault in California that could be shaken to the ground any minute if we have an earthquake, and you are ending up with a supply system that according to the Army is 25 percent short. If there is a full mobilization, you can't supply your troops with only two AODs.

Mr. BERTEAU. I can assure you that in fact all of those things—the numbers are being validated, the offsetting savings are being validated as well. There is not a predrawn conclusion here. As a personal participant in a number of the meetings associated with the depot consolidation studies that are under way, I can guarantee you there is no unanimity or prejudged conclusion as to where those are coming out. We have a number of competing viewpoints that are all being fleshed out very widely within the Department today. There is no prejudged, predrawn conclusions here.

Mr. CHAPMAN. I know the last thing you probably want or perhaps even need is an interloper from outside throwing their two cents worth into those discussions, but from my standpoint I am—of course, confessed and admittedly being very parochial in this discussion. I understand that. But from the standpoint of how in the world you can possibly supply the U.S. Army, the largest military installation which is apparently going to increase in size, even by taking a division out, assuming we are headed where we think we are headed with our strategic forces and with our force structure, it looks like common sense would tell you that cannot supply those Army installations, you cannot prepare for what you might need with only two AODs on the East and West Coast; and transportation has to be more, labor is demonstratedly higher cost, and readiness is going to suffer. So just from the standpoint of the sheer logistics of serving, I really do hope that DOD and the Army are looking very closely at those figures.

I think it is going to be very difficult to justify it and I certainly expect that there will be disruptions that are going to occur to the local economies, which when talking about these two facilities is close to 3,000 jobs in a part of the country that is literally on its belly. There is no place for these people to go, there is no way many of them can move, and I would hope unless there are clearly demonstrated cost savings, that you will recognize that it does not make sense for either the Army or for the national security of the people that are involved to make that move, and we will be watching and hopefully you will run it from every angle.

Mr. BERTEAU. We appreciate your participation in that, and I am sure—there is no question in my mind—that the Secretary is not going to recommend that an action like that be taken unless he is convinced it is the right thing to do and unless he is sure he can lay that out and justify it to you and everybody else.

General STOFFT. And we know and understand that and would not propose that.

Mr. CHAPMAN. Well, the sense we get from General Tuttle's visit to the area two Sundays ago was that his mind is made up. I fear it is going to happen they are moving forward as though it is going to happen. And I have a sense, in fact that I expressed to my colleague Congressman Browder, that perhaps with some of the things that are going right now it would seem to indicate that the Army, and perhaps the Army has done its homework pretty well on this, but that there may not be a serious revisiting of some of these issues, and I think from the standpoint of cost, we can't justify it and we should make sure it doesn't happen.

Mr. BERTEAU. We will make sure those costs you pointed out are totally considered there.

Mr. CHAPMAN. Mr. Chairman, one other question, then I will hush.

Likewise I noticed that Longhorn is also on that list. Longhorn is, from what I understand, is the only place in the ammo manufacturing areas where celtian flares and so forth are made, but more than that, again until 60 days ago the Army was planning on making new investment in Longhorn Army Ammunition Plant, for an HMX high explosive facility.

That has now been canceled, which leaves the only source of HMX in the country at Holson, which I understand is a 40-year-old-plus facility which manufactures this explosive by an older process. This process is not as cost efficient as the new pilot plant, and the new Musall process has been developed at Longhorn. Yet there has also been a decision made to cancel that new construction project. A project that this committee has also supported fully, and has been authorized and money appropriated for it. I also hope that the Army will seriously consider that decision and the closing of Longhorn Army Ammunition Plant.

Let me ask one question. If, in fact, on the CDC at the expiration of the moratorium on construction, would it be the intention of OSD not to allow notice of procedure to be issued by the Corps of Engineers?

Mr. **Berteau**. I am not sure what our position would be on that. I don't know what the Secretary's decision will be on that.

Mr. **Chapman**. Could we ask that you furnish that as soon as possible because, as I understand that contract, the low bidder has been identified and the contract is ready to be let. In fact, the Corps of Engineers indicates that they will be ready to issue a notice to proceed and on April 30th OSD is going to get a request for instruction on whether or not they should. I assume based on the fact that Red River is on the list you are not going to give them that permission, and if you do not give them that permission, then it would appear we may be back to this impoundment question, because the low bidder is qualified, they are ready to proceed, the project is authorized, this committee and Congress have funded it, money is appropriated.

And it appears to me that with no reprogramming request being sent to this committee or any other committee at this point for those funds, that it is going to be very difficult for you to stop the issuance of that notice to proceed without perhaps raising some serious legal questions, and I would like to know the position of the Secretary of Defense on that issue.

[The information follows:]

The Secretary's decision on the construction moratorium is still pending. Therefore, I can not provide an appropriate answer at this time.

Mr. **Berteau**. Yours wouldn't be the only one that potentially is in that situation, so we are going to address that whole question.

Mr. **Chapman**. Thank you, Mr. Chairman.

Mr. **Hefner**. Thank you.

Mr. Lewis?

NORTON AIR FORCE BASE AND GEORGE AIR FORCE BASE, CALIFORNIA

Mr. **Lewis**. Mr. Chairman, I am not a Member of this subcommittee either, and I very much appreciate your allowing me to join my colleague from Texas to sit in here for a moment on items that are so important.

Mr. Berteau, I wanted to communicate to you and the Secretary the thought that went into my position in the past when I voted against the Base Closure Commission. There are rumors around that in this most recent round of proposed closures that there was partisanship involved. I am testimony to the reality that there is almost no partisanship in the business of base closing.

I voted no on the Commission because I have spent my life in the San Bernardino Valley. I know it well and was aware that Norton Air Force Base has been on and off base closing lists for years. It is a very important employment base in our community. It is fundamental to our economic future, and I knew it would be on a list if some commission, independent of the Congress, went through that process. Little did I imagine that the Commission would be so imaginative as to give the heaviest hit in the country to my district where two bases were closed, Norton and George Air Force Base. I had not imagined the George facility being closed.

I have written to the Secretary about possible alternative uses, but indeed this just demonstrates the reality that in this very difficult business, they weren't looking at party labels when they went about including my district.

That takes me to the most important reason for my being here, and so I would shift—my focus to the Air Force specifically, and to Mr. Boatright. Mr. Boatright, I think the Air Force knows that I have been quite supportive of them over the years, as I have supported the defense budget generally.

Mr. LOWERY. That doesn't count.

Mr. LEWIS. I understand that doesn't count and I also appreciate that in many circumstances, but the information flows that have been coming to me from the Air Force have been somewhat less than I might have hoped for. A free flow of information when you are down to the crunch in your constituency, is extremely helpful. It is a part of the record that the Air Force is a staunch supporter as well as implementor of the Base Closing Commission report; isn't that correct?

Mr. BOATRIGHT. Yes, sir.

Mr. LEWIS. Well, in that connection, the only small relief that we got from the Commission's work, which incidentally means the loss of jobs to some 2000 middle-income families in our community, people who have got no place to go, was that there were some people connected with the ballistics systems division who by Commission direction, were going to remain there.

The Air Force has recently suggested that there may be a disestablishment of BSD. I am not exactly sure what disestablishment means, but essentially I am hearing that the Air Force is suggesting and recommending that the missile operation that is currently at Norton be shifted to Vandenberg. I am not sure what it means, but there are two things I would like to have you respond for the record about.

First, is it your plan to go through a shift of that administration as well as the work or mission of BSD at Norton Air Force Base? Does that it involve Vandenberg? Will there be a movement of administrative personnel to Los Angeles? What are your plans specifically in the final analysis if there is a shift? How does that fit with your public statement that the Air Force is supportive of this Commission's report, which was very specific in saying that the missile work would stay at Norton?

Mr. BOATRIGHT. First of all, let me comment on the flow of information. Certainly it is not the intent of the Air Force to deny you any information that you should have, and I apologize if we haven't been as forthcoming as we should have been. In the future if you find that you have any difficulty getting any information with regard to base closure, if you would call me, I would be pleased to be sure that you get the kind of information that you need. We certainly want to be as responsive as we can be.

The Air Force has announced the disestablishment of BSD, and what that involves is a reorganization affecting who BSD reports to. The acquisition programs that BSD manages will report directly up to the Pentagon as a part of our streamlining of our acquisition process. BSD will be eliminated as a separate division, and the other activities that they do, they will report to the BSD, the space systems division at Los Angeles. We do not plan and have not proposed any change in the people and the workload at BSD.

Mr. **Lewis**. At BSD, at Norton?

Mr. **Boatright**. At Norton. We have announced that we plan to study the closure of Los Angeles Air Force Base. Therefore, the reallocation of SSD, which is now a parent, will be a parent activity of part of the BSD function, and we will be studying that over the next several months to determine whether or not it makes sense to close Los Angeles Air Force Base and in fact reallocate part of all of the SSD activity. Reallocation of BSD is not a part of that proposal.

Mr. **Lewis**. So are you telling me that the Commission's report specifically referred to keeping that activity and those personnel at Norton? Are you telling me that in your support of the Commission report that there will not be a reduction in personnel that relates to that existing activity at the Norton location?

Mr. **Boatright**. I can't say that there will not be a reduction in the numbers of people at BSD. We do not have any plans for that at this point in time, other than what we have already announced as part of our streamlining process.

Mr. **Berteau**. If I could put this in context—and you may be totally familiar with this. If you are, please cut me off.

Mr. **Lewis**. I wouldn't cut off the Secretary's office.

Mr. **Berteau**. What the Air Force is doing there is complying really with what the Packard Commission originally intended and what the defense management report and the Secretary's decision associated with that forced on all three of the services, and that is taking the systems divisions that previously had program management oversight and removing them from that program management oversight part of the procedure, so that in fact we wind up with program managers from major systems reporting directly to the program executive officer, who then reports directly to the service acquisition executive, so you eliminate a lot of layers of command and control over that program manager as part of that process. The fundamental idea is to get a lot of people out of the program manager's hair so he or she can actually manage their program and bring systems in at less cost and less time. The degree to which that will have an impact on BSD specifically, you know, there may be some, there may not be any.

The systems divisions also had a whole lot of other functions they did in the acquisition world, and they will continue to be a matrix organization, if you will, supporting those program managers in terms of technical support and engineering support and that sort of thing, so that we don't duplicate within the program manager's organization a lot of work force potential that they need sometimes but don't need at others. Program managers will still continue to draw on that matrix support organization under a different name. Whatever the ultimate name of BSD might be, there will continue to be something that will provide program managers with that kind of support.

So much, if not all, of the workload may still be there. That varies from systems division to systems division.

I share your enthusiasm for management efficiencies but this Commission's report noted specifically that BSD's activity and workload would remain at Norton. I would urge the Secretary to read that language specifically where the Congress has acted in that connection.

What happens at BSD does affect the people in my district directly, and frankly I intend to do what I can to represent my people as effectively as possible in that connection, and that Commission's report is very specific.

Mr. **Berteau**. Yes, sir, but what it does not say, in fact, is that the workload has to remain in—I mean if we are going to quit doing the work——

Mr. **Lewis**. I agree with that.

Mr. **Berteau**. We have to adjust that.

Mr. **Lewis**. I hope your comments don't imply you have already made a decision regarding that.

Mr. **Berteau**. I am not aware of what the potential workload distribution would be there.

Mr. **Lewis**. Glad to hear that.

CONVERSION OF CLOSED BASES TO PRISONS

Mr. **Hefner**. Mr. Lehman, who is chairman of the Transportation Subcommittee on Appropriations.

Mr. **Lehman**. Thank you for permitting me to be here today. I hope you would visit our subcommittee sometime this year.

Mr. **Hefner**. We have in the past, and we will again.

Mr. **Lehman**. I just wanted to ask several questions in regards to base closing. I have been talking with the Federal Bureau of Prisons people, the staff of the Judiciary Subcommittee on Courts about the problems of available space for prisons and the problems of early release because of lack of space, so in that context I would like to ask two questions on how we can perhaps convert some of the base closure space to use for either penal institutions or for a related issue, which is the use of this space for treatment of substance abusers. Mr. Berteau, last year's authorization bill, P.L. 101-189 contained a provision, Section 2687, the sense of the Congress that closed military should be made available to federal, state, and local agencies for prisons.

What steps has the Department of Defense taken to respond to this initiative?

Mr. **Berteau**. We have three things underway there, sir. One is we have a commission, which was established under an Executive Order, on alternative utilization of sites, and that commission submitted its first report to the President and the Congress last September.

We are screening currently the real property holdings to identify unused or used lands and facilities. We have already provided a number of sites from the McKinney Act. We are also looking at it from the point of view of prison use.

Second, we have established inside the Defense Department the Bureau of Prisons Assistance Council, which is chaired by the Secretary of the Army, which is specifically looking at the potential for obtaining prison sites on the military properties affected by the base closure act, the 86 properties associated there, and we have been working very closely with the Bureau of Prisons to identify and let them obtain appropriate sites there.

Finally, we also did a study of all our confinement facilities across the services to identify places where we could have temporary overflow capacities that we would offer to the Bureau of Prisons, and we are working with them. Right now we gave them a list of facilities, the Bureau of Prisons is reviewing that, and we expect them to come back to us with some things they might like to do with those facilities. We have taken all three of those steps. We feel we are trying to offer them every bit of help that they can get.

Mr. LEHMAN. The economists themselves would probably respond favorably in many cases, maybe not downtown metropolitan areas, but in some areas this gives them a repression-proof type of economic activity.

Mr. BERTEAU. That is a good argument. I will have to remember that one.

Mr. LEHMAN. Have you received any requests to date from federal, state, or local agencies for such use?

Mr. BERTEAU. The state and local requests get coordinated through the Federal Bureau of Prisons. They have those requests, and we have made offers in response to them. We tell the Bureau that these are the sites that we think you can use, would you please tell us which ones you want, so we are waiting for them to come back and tell us.

Mr. LEHMAN. So the ball is in their court?

Mr. BERTEAU. The ball is in their court, yes, sir.

Mr. LEHMAN. What about the facilities that are not being closed that might be suitable for joint use?

Mr. BERTEAU. That was included in the assessment that we did, and it is on the list that we offered the Bureau of Prisons of our overall confinement needs there.

Mr. LEHMAN. Is the DOD insisting that it must be reimbursed for such reuse or is it willing to consider no cost arrangements?

Mr. BERTEAU. I think we are looking at both options, and it varies from place to place.

Mr. LEHMAN. Do you think there is a need for further legislative guidance on the most important federal use for closed military bases? For example, should Congress prioritize among agencies how closed military bases should be used and what kind of a priority would the Federal Bureau of Prisons receive?

Mr. BERTEAU. I would wish you good luck if you wanted to tackle that one. We certainly wouldn't try to recommend which civil uses would bear priority there.

DRUG REHAB CENTERS

Mr. LEHMAN. Has the commission on alternative uses for facilities issued any recommendations on utilizing facilities for drug rehab centers? If not, when will the commission issue its recommendations?

Mr. BERTEAU. Our next report we owe to you is September 30. It would reflect, in fact, those sites we have determined for a proposed reuse, and the report would look at the results of those proposals. I personally hate to commit to this, but I am personally optimistic that we actually may be ahead of schedule in terms of being able to report to you on that.

I say I hate to commit to it because I never like to give away some flexibility I might have in terms of providing that report, be we would expect to be able to report to you sometime this summer on the status of all these.

Mr. LEHMAN. This is a little outside of my ordinary jurisdiction where I work, but it is something that certainly is relevant to the area in which I live where we have a serious drug and crime problem, and limited state resources for dealing with it.

Thank you very much, Mr. Chairman.

Mr. HEFNER. Thank you. If Mr. Kolbe would allow me——

Mr. KOLBE. Absolutely. I need to catch my breath anyhow.

Mr. HEFNER. Mr. Browder has been sitting here for quite awhile. He is not a Member of the committee.

Mr. BROWDER. Mr. Chairman, thank you, but you are doing an excellent job.

Mr. HEFNER. I know that, but—would you like to have a couple minutes, seriously? Mr. Bevill has made a very eloquent colloquy with the Secretary on McClellan, but for the record if you would like to have a couple minutes, we would certainly be happy to hear from you.

Mr. BROWDER. Thank you, Mr. Chairman, I think Mr. Bevill has well represented our position, and I think you are doing an outstanding job. Just keep it up.

Mr. HEFNER. Thank you, Mr. Browder. Mr. Kolbe.

ENVIRONMENTAL CLEAN-UP COSTS

Mr. KOLBE. Thank you, Mr. Chairman. Gentlemen, my apologies for getting back late. I had a meeting in my office I could not miss. I want to go back here for a moment to the issue of environmental costs we were discussing earlier. I am really puzzled when I look at your figures included on page 8. You say in your text immediately preceding that during execution the taxpayer can expect to realize a net gain of $1.5 billion by fiscal year 1995.

Mr. BERTEAU. Yes, sir.

Mr. KOLBE. Isn't that being a little disingenuous?

Mr. BERTEAU. In sense of the environmental costs?

Mr. KOLBE. Isn't that a cost?

Mr. BERTEAU. Yes, sir, but it is a cost we would incur anyway regardless of whether they close these bases or not, so the net effect of that cost on DOD isn't changed by virtue of whether we keep the base open or closed.

Mr. KOLBE. You are going to do the same clean up on the base whether you keep it open or not?

Mr. BERTEAU. Absolutely. That is what the law requires us to do. We have 14,000 sites which have been identified and which are in various stages of process from preliminary assessment to remedial action, and we have got to clean all those up in accordance with the way the law forces us to do that.

Mr. KOLBE. If you were going to continue to use a base, a gunnery range, or an artillery range, you would still go in and clean it up even while it was an operating range?

Mr. **Berteau**. You have exactly the case in point where obviously we are not, from an unexploded ordinance point of view, going to clean up something that is going to continue. But other types of cleanup, from a hazardous waste contamination, from a site specific pollution problem in terms of whatever media you are looking at, air or water or toxic materials, those kinds of things, we are going to have to clean those up whether we stay there or not, and we are going to have to reduce obviously our source of those pollutants as well.

Mr. **Kolbe**. There are not going to be some differences in what you have to do if you are going to clean it up for sale to realize the gains from the sale of the property?

Mr. **Berteau**. In terms of being able to clean it up to an unrestricted use for compliance with the law? Potentially, yes, especially for unexploded ordnance.

Mr. **Kolbe**. I assume if you see it it is going to have to be totally cleaned up?

Mr. **Berteau**. Unrestricted use is pretty clean.

Mr. **Kolbe**. Will you be selling some of the property with restricted use? Give me an example of what you might sell it for where you haven't gone in and done the environmental clean up.

Mr. **Berteau**. Well, for example, again using the example of a training range where you are firing ordinance, only if the reutilization of that were going to be, for example, picked up by the National Guard and used as a training range or picked up by a contractor for testing purposes, et cetera, that is the only kind of use you could have there where you wouldn't clean it up in that kind of a situation.

Mr. **Kolbe**. Well, if the guard were to take it over, then do they become responsible for the environmental clean-up cost?

Mr. **Berteau**. Under CERCLA we retain liability. The terms under which that might be done might be negotiated, but I think that would probably require a change in the law. Back to the specifics of the dollars associated with it, the estimates that we are putting out in terms of the land sale proceeds are, in fact, predicated upon those things that we think we can restore to unrestricted use and be able to sell. We think we have a pretty good handle on what the costs are going to be in order to achieve that.

That is not 100 percent of the 86 bases, though. There is a percentage of those bases we do not expect to be able to restore quickly to unrestricted use, and it is usually a piece of each one. Those that are affected that we do not expect to be able to restore to unrestricted use, we don't have any estimates in the total that says we think we will be able to sell something that we haven't cleaned up. We recognize that our responsibility is to push this as far and as fast as we can in terms of clean up.

Mr. **Kolbe**. You have a fairly extensive list of facilities you are recommending for study for possible closure, and I am just wondering realistically how hopeful are you that you are going to be able to close some of the bases the old fashioned way without a base closure law to enforce the closing?

Mr. **Berteau**. Personally I am optimistic.

Mr. KOLBE. I sure wouldn't have thought that from this morning. I don't know what you are basing your optimism on from listening to the comments here this morning.

Mr. BERTEAU. Primarily from the belief that we are under a lot of pressure as a nation to find a way to bring the defense budget down. That pressure is not going to diminish. My own feeling is there is no way you can accommodate that pressure without in fact closing some bases along the way. You can't do one without doing the other.

Mr. KOLBE. Well, I agree with you in your opposition to Chairman Aspin's proposal about the Commission. I supported the original Base Closure Commission, and I still think the concept is good, but where I think we were incorrect was in thinking that we could have somehow got it into a non-political environment. We didn't. We just simply transferred the politics of base closings from the Congress to a Commission that was not responsible to anybody, and we know there was plenty of politics that went on in the decisions of that Base Closing Commission, so I don't know that there is any way that a Commission can really accomplish it.

However, if you came to the conclusion that the only way you could get this next round of base closings done was with some kind of a Commission, do you see the Administration changing its view or become willing to negotiate on this subject?

Mr. BERTEAU. Well, as you know, the Commission itself recommended in its report that there not be another Commission, that in fact that was a one-time shot that ought to be exercised only to break the log jam, if you will, and the Secretary's feelings and the Administration's position there is very, very strong in opposition to a commission.

I don't see any crack in his feelings there.

Mr. KOLBE. Then we may find ourselves at real logger heads. We may find ourselves with a declining military while everybody pursues the so-called peace dividend. However, but nobody is willing to give up bases in their particular district. As a result we will find ourselves spreading the military around on a thinner and thinner basis, with greatly reduced efficiency.

Mr. BERTEAU. You have articulated the dilemma precisely.

Mr. KOLBE. Well, and I don't yet see our way out of this thing because I don't see the mood of Congress to——

Mr. BERTEAU. Part of my optimism is predicated on the belief that in fact the results of our assessments that we have underway now will give you some of the arguments and ammunition. I recognize that logic and politics don't mix very well always, but we will give you sufficient justification, we will provide sufficient justification and it will allow some of the decisions to be made and implemented.

Mr. KOLBE. I also know that we have responsibilities overseas and we have to be very careful about reducing our facilities overseas too rapidly. However, certainly the mood, as indicated here this morning, is to bring the military home. As long as we are going to have a military we ought to pay for them here and have them supporting the economies of our local areas rather than having them overseas.

Can you tell me in general what the cost differential is between maintaining a soldier in the United States as opposed to overseas? What kind of range do we have overseas? When we consider that cost, do we factor in the support of the foreign government?

Mr. Berteau. I would have to get you that. We have done that kind of assessment. I don't have these numbers off the top of my head. I will be glad to provide those. I would point out and echo what the Chairman said, of course we are looking at a substantial number of overseas closures, both as a result of CFE talks, and I know General Galvin has testified in closed session here with this committee about the numbers of bases that he is looking at there, so we are going to see a substantial number of those bases overseas will be closed as a result of that.

Mr. Kolbe. I would appreciate getting information that might help us to get familiarized with overseas housing costs.

Mr. Berteau. My memory is we have recently provided a report somewhere to the Congress on that subject. I will need to dig that out and send it over.

[Clerk's note.—The Department was unable to provide the Committee with the information at the time this volume was printed. The information will be provided at a later date and stored in Committee files.]

IMPACT OF CLOSURE ON MEDICAL FACILITIES

Mr. Kolbe. In your statement you made the point that one of the problems the Base Closure Commission had was that it didn't really consult with some of the other elements, such as the medical command, before making the recommendations, and yet yesterday the Assistant Secretary of Defense for Health Affairs told us his organization was not consulted by the services when they compiled the current list for Base Closure Two.

If you have recognized this problem in the past with the earlier commission, why wasn't that corrected in this round?

Mr. Berteau. Because what the Secretary did in this list was that he said, these are candidates for study. Now, the medical issues are being weighed as part of the full evaluation process for each of these 35 installations, so in terms of the Secretary reaching a decision to put something on the list, that is not the same as making the decision to close it. All of the questions of costs and alternatives associated with medical issues, as well as the whole plethora of other issues that are laid out, are being fully addressed in terms of cost, in terms of alternatives, in terms of evaluation of those, and in terms of the conclusions that would be reached. That medical issue is, in fact, a part of the studies going on at each of those installation or associated with each of those installations.

They are not being—the medical community is not out of that process at all. That is going to be a full aspect of that.

Mr. Kolbe. If that was not a criteria for placing it on the list for study, what were the specific criteria that were used by the services?

Mr. Berteau. The guidance the Secretary gave them goes along the following lines: you have made internal proposals to me for force structure changes in order to bring us in line with the out years, in terms of where we think the budget is going to be.

That is in light of the 2 percent real growth decline for each year out through 1995. You, Secretary of the Navy, Air Force Army have made those proposals to me. What I want you to do now is go back and, in the context of those force structure changes and in the context of the budget reductions that you know you are going to have to meet, not just for 1991, but for beyond, tell me which bases make the most sense to close. From an operational point of view, from a force structure point of view, from a budgetary point of view, and that is all the guidance help he gave them.

Within that they had a fair amount of latitude to make some selections in terms of what would be the best candidates for study, and each service applied different criteria—the differences between selecting a shipyard, for example, compared to selecting an air station, there would be very different kinds of criteria there, but that was the overall guidance we gave them. It was within the context of their proposals for the force structure changes. There is a parallel effort here. We are still wrestling with the ultimate outcome of those force structure changes for the 1992 through 1997 defense program, and we are doing the studies in parallel with that.

Those decisions will match up at several different points along the process before we make the final decisions on bases to close and submit the proposals as decisions.

COST SAVINGS

Mr. KOLBE. Is it safe to say, then, that cost considerations of base closing were not one of the criteria used, saying this operational base versus this operational base? That was not a decision for putting it on the list?

Mr. BERTEAU. I can't speak to—in some cases it may have been.

Mr. KOLBE. What I am getting at, has there been yet an estimate of what savings would be realized if all these closures were implemented? What we would be talking about in the second round?

Mr. BERTEAU. In terms of annual savings?

Mr. KOLBE. Either base savings, annual savings or base closing costs, implementation costs.

Mr. BERTEAU. I haven't seen an estimate. I would expect it to be substantially lower. What we are talking about now is eliminating the force structure, taking it out altogether, so the implementation costs are much smaller.

I know in many cases the Air Force, following, the four bases the Air Force has proposed, in at least some of those they would expect to realize completely in savings the implementation costs in a year or year and a half, something like that, so we are talking about a pay back period of a much, much shorter period of time because the implementation costs are going to be proportionally much lower.

Mr. KOLBE. You mean your two big accounts, military construction and personnel costs?

Mr. BERTEAU. I am talking round two here because in round two you are not going to be moving forces as much.

Mr. KOLBE. Those would be the two big accounts?

Mr. **Berteau**. Yes, sir.

Mr. **Kolbe**. Some items won't decrease costs, for instance, your home owners assistance. In fact, that might even be increased under those circumstances.

Mr. Chairman, I may have a few other questions to submit for the record, but that is all I have for now.

Thank you.

Mr. **Berteau**. We would be delighted to take any of them.

Mr. **Hefner**. One other question, Admiral, where are you from?

Admiral **Buffington**. Oklahoma.

Mr. **Hefner**. I thought you were one of us.

Admiral **Buffington**. My relatives originally came from North Carolina, sir.

Mr. **Hefner**. I suspected that. Well, thank you gentlemen. It has been an extended session, but I think a very good session. We got some good input from a lot of members. I appreciate your coming. This committee stands adjourned.

[Clerk's note.—Questions for the record submitted by Chairman Hefner.]

BASE CLOSURE II

Question. Are OSD and the Services considering other candidates for realignment or closure other than those already announced?

Answer. Yes. The Defense budget has declined in real terms for the last five years. We expect this trend will continue, especially given the recent events in the Soviet Union and Eastern Europe. Budget constraints and a reduction of world threats will drive force structure reductions which in turn create excess basing capacity.

The Air Force is continually reviewing its basing structure to maintain the delicate balance between future national security requirements and fiscal constraints.

The Navy is judiciously studying all of its bases to determine which ones are the most essential and affordable to satisfy realistic future requirements.

The Army is not considering other candidates other than those already announced, at this time. However, any future budget reductions may necessitate further analysis to determine whether or not additional realignments or base closures would be required.

Question. Could CFE reductions impact on base realignments in the United States? For example, could Fort Hood or Fort Dix be impacted?

Answer. Under the terms of the proposed CFE agreement, the Air Force will reduce its forces in Europe. In planning to meet force levels under a CFE agreement, the Air Force is reviewing European locations, where it has forces, for possible reductions. Additionally, as a part of this planning, the Air Force is reviewing bases in the United States where forces can be relocated as they are withdrawn from Europe. A final decision on locations where the Air Force will scale down its presence in Europe or relocate to the United States has not been made. The Air Force will continue to assess its options on the dynamics of the evolving European environment and budgetary constraints to develop the optimum force mix for the future.

No impacts on Navy CONUS base realignment initiatives are foreseen at this time.

For the Army, it may be possible, depending on negotiations, to restation some U.S. Forces currently in Europe to CONUS installations. However, it's too early to tell at this time.

Question. What guidance was given to the Services in developing candidates for base closure or realignment under Round II? In other words, what was the basis for the Service's recommendations? Was there a grand strategy?

Answer. The Services were tasked to shape their budgets to the new realities in the Soviet Union and Eastern Europe. The new submissions will show reductions in defense spending and changes in force structure levels. Once possible force structure reductions were determined, the Services were directed to look at their supporting base structure and return with recommendations as to how they might alter the base structure to fit this new force structure.

Question. In terms of announcing candidates, what prevented the Services from "stonewalling"?

Answer. Nothing. However, the changing situation in Eastern Europe coupled with a diminishing Soviet threat and declining defense budgets established new realities and forced the Services to take a hard look at their force structure. The Services desired the opportunity to shape their budgets in a coherent and logical manner.

ENVIRONMENTAL RESTORATION

Question. The Department has requested that environmental clean-up requirements at closed bases be funded in the Defense Environmental Restoration Fund or in respective O&M accounts. Give me a good reason why you are not requesting that such funds be included in the base closure account when you have specific authority to do so. (You are requesting Military Personnel and O&M funds be included in the Base Closure Account.)

Answer. The Base Closure Commission excluded the cost of hazardous waste cleanup in its payback calculation. These cleanups are required by law regardless of whether the base is closed or not. Hence, the costs are not a cost of closure. The General Accounting Office supported this position in their November 1989 report. I would add however, that this funding policy is for FY 1991 funds. We intend to review the policy next year when we will have a better idea of the total requirement.

Question. Do you not agree that the Commission's report does not prevent you from including clean-up costs under the Base Closure account?

Answer. No, to add in the cost of environmental cleanup after the release of the Commission's report would skew the data and cause changes in payback periods not envisioned by the Commission. I would agree that neither the Commission's report nor the Base Closure Act prevent DOD from including cleanup cost in the base closure account.

FORT MEADE/FORT HOLABIRD, MARYLAND

Question. You indicate in your justifications that you expect a total of $1.4 billion in fiscal year 1995 from land sales, of which about $450 million is for land sales at Fort Meade and Fort Holabird. Are you aware that at Fort Meade, the local planning commission, State and federal delegations, as well as the Department of the Interior are interested in preventing the development? As a matter of fact, the Fish and Wildlife Service has expressed an interest in the land. If so, wouldn't this mean that the anticipated revenues you report are not realistic?

Answer. The anticipated revenue of $448 million is for the 9,000 acres of land at Fort Meade. This anticipated revenue does not include land at Fort Holabird.

The Fish and Wildlife Service's expressed interest in the land would impact the anticipated revenues. The Army is very aware of the positions of the local planning commission, the State and federal delegations, and the Department of the Interior. A balanced plan involving some development of 3,000 acres and over 6,000 acres for wetlands would generate some land sale proceeds though not $448 million.

Question. If land at Fort Meade were conveyed to the Department of the Interior for fish and wildlife purposes, would the Defense Department have to provide any environmental clean-up? If not how much cost avoidance savings would be expected?

Answer. The Army policy for the transfer of facilities to other federal agencies states that we will determine and accomplish appropriate cleanup levels to protect public health and safety. This will be done in coordination with appropriate regulatory agencies. We will also describe the extent to which the real property may be used without further decontamination. This will be done in cooperation with the receiving agency, the Department of the Interior in this case.

This coordinated effort has not taken place yet because we are presently conducting studies to determine the type and extent of contamination at Fort Meade. Until the studies are completed, especially those dealing with unexploded ordnance, it is impossible to "describe the extent to which real property may be used without further decontamination". When the studies are completed, the Army will be in a position to work with the Department of the Interior or other federal agencies interested in Fort Meade.

Although cost avoidances cannot be identified until the above work is accomplished, the following information may be instructive. The current restoration budget for the Fort Meade is $53M. This includes restoration estimated at $2M, chemical decontamination estimated at $10M, and unexploded ordnance cleanup estimated at $41M.

It would, therefore, follow that some portion of the last figure would be a cost savings if the Army and Department of the Interior were to determine that some or all of the 9,000 acres being excessed would not need further decontamination. Restoration studies and chemical decontamination, however, would have to be accomplished to meet regulatory requirements. The $12 million to accomplish those tasks would, therefore, not be realized as a cost avoidance.

Question. For the record, how has the Department of the Army responded to the request to transfer the Fort Meade acreage to the U.S. Fish and Wildlife Service in order to enlarge the Patuxent National Wildlife Refuge?

Answer. The Army will begin preliminary discussions with the U.S. Fish and Wildlife Service in the near future. These discussions are only preliminary and exploratory. The Army has other statutory requirements to satisfy before substantive negotiations can take place. One of the statutory requirements is Title V of the Stewart B. McKinney Homeless Assistance Act.

Question. What is the estimated revenue for the land at Fort Meade and what is the estimate for Fort Holabird?

Answer. The Army's budget estimate of revenue for the sale of land at Fort Meade is $448 million. At this time, the Army does not have an estimate revenue for the sale of land at Fort Holabird.

Question. What is the basis for the estimate of $447.8 in revenue from land sales at Fort Meade and Fort Holabird? For example, does the revenue estimate assume environmental clean-up to unrestricted use?

Answer. The Army has not estimated the revenue for the sale of land at Fort Holabird.

The basis for the estimate of $448 million in revenue from the land sale at Fort Meade is sale to the general public under open, competitive bid procedures. This estimate assumes the property is zoned for the high density mix use of residential, commercial, and open space. The revenue estimate does not include any environmental clean-up costs.

BASE CLOSURE ACCOUNT

Question. You are requesting proposed legislation to make the Base Closure Account permanent thus allowing the funds from the account to be used not only for the Commission's recommendation but also for future closures or realignments. This Committee has a serious problem with such a merger because it diffuses any opportunities to establish an audit trail for Base Closure I or II. Your representatives have testified last year that accountability is necessary and now you are proposing legislation that would undo that. You may comment for the record regarding any counter arguments.

Answer. The closure account would be a single source of funds. However, DOD would maintain separate audit trails within the account to identify the appropriate round of closure.

BASE CLOSURE CONFLICTS

Question. The Secretary of Defense released a list of proposed candidates for base closure on January 29, 1990. At least two locations (Eaker Air Force Base and Bergstrom Air Force Base) proposed as base closure candidates are also the locations where construction is now planned to accommodate the first round of base closure. How are you going to reconcile the apparent conflict between base closure I and the new candidates? Are you going to proceed with construction of the one project at Eaker and the eight projects at Bergstrom?

Answer. The Air Force is currently reviewing the impacts on base closure I implementation. This review covers the entire spectrum of budget and mission changes including training accessions. MILCON requirements, and personnel movements. However, since there are valid requirements for operational flight simulators at other SAC bases, the Eaker simulator project could no longer be needed. Likewise, whiler Bergstrom is being studied for closure, the proposed beddown construction under Round I is being deferred until FY 92.

Question. Are there any other locations where similar conflicts of closure actions exist?

Answer. Yes, the announced retirement of C–141s at Norton AFB impacts the planned construction at March, Travis, and McChord AFBs. The construction requirements at March AFB will be reduced significantly. In addition, certain of the "depotlevel" maintenance functions for C–141s assigned to the 63rd Military Airlift Wing at Norton AFB must now be reassigned to the sister wings at McChord and Travis AFBs. Only minimal construction support will be required. A revised beddown program is expected to be complete by mid-April 1990.

None of the potential Navy closure/realignments announced for study by the Secretary of Defense will preclude execution of base closures recommended by the Base Realignment and Closure Commission. However, the Navy's plans to relocate medical facilities from the Philadelphia Naval Hospital to the nearby Veterans Administration hospital site may be affected by the results of the current closure studies.

None of the Army installations designated by the Report of the Commission on Base Realignments and Closures as receiving installations are included among the candidates proposed on January 29, 1990 for closure. However, the Army has proposed deactivating the Headquarters 4th Army which was to move to Fort Benjamin Harrison.

Question. Are there any situations under the Defense Management Review or other studies that cannot be implemented because of the Base Closure Commission's recommendations? If so, could you enumerate?

Answer. None of the provisions of P.L. 100–526 prevent force structure from being retired as a means of achieving further savings and management efficiencies.

Question. When would the Department have the opportunity to make changes to the Commission's recommendations? Would it be after five years when the law expires?

Answer. The Base Closure Commission recommendations are governed by public law and are not subject to revision. The law also stipulates that all closure and realignment actions must be complete by September 30, 1995. The Department is therefore, proceeding with the closure of all bases recommended for closure by the Commission. Some of the Commission's receiving bases are potentially impacted by Round II proposals. Public Law 100–526 does not prevent force structure from being retired in the future. The provisions of Section 2687, title 10 US Code could apply in some cases. Once fully completed, actions reported under Section 2687 would in effect change the Commission's recommendations.

CLOSURES AND REALIGNMENTS WITHIN THRESHOLDS

Question. Could you provide for the record when realignment or closure under Base Closure II will commence for those bases within the threshold that do not require notification to the Congress?

Answer. Round II closure and/or realignment actions at the overseas bases are not subject to the notification requirements of 10 USC 2687. Initiatives have been taken to implement those actions as expeditiously as operational and diplomatic considerations will allow. The earliest realignment will commence in FY 91.

Round II closure and/or realignment actions proposed at bases located in the United States are still under study and no final decisions to close any of them have been made. However, any subsequent decision to close the Naval Air Station South Weymouth, the Naval Air Facility Detroit, and/or the Naval Air Facility El Centro would not require Congressional notification under current law. The necessity to comply with the requirements of the National Environmental Policy Act is recognized and will be incorporated into the decision-making process. Should a final decision be made to close or realign any of those bases, implementation timeframes would be contingent upon generated relocation requirements which have not yet been determined.

The schedule for the remaining realignments and closures proposed on January 29, 1990, that do not require Congressional notification is as follows:

Realignment or Closure:	*FY*
Inactivate 2nd Armored Division	90-91
Downsize 194th Armored Bridgade	90
Inactivate 9th Infantry Division	90-92
Inactivate Headquarters, 4th US Army	92
Convert Headquarters, Health Services Command to a Medical Command	92
Inactivate Headquarters, 1st Region Criminal Investigation Command	90
Terminate Production at Detroit Tank plant	91
Terminate Production at Lima Tank Plant	93
Layaway Mississippi Army Ammunition Plant	90-91
Layaway Indiana Army Ammunition Plant	93
Layaway Louisiana Army Ammunition Plant	95
Layaway Scranton Army Ammunition Plant	95
Layaway Longhorn Army Ammunition Plant	94
Layaway Sunflower Army Ammunition Plant	94
Cease Production and lease Kansas Army Ammunition Plant	93
Warmbase Fort Gillem	92

Question. Can you tell the Committee which base will commence closing or realigning this fiscal year? Let's begin with the Army.

Answer. Based on the requirement to reduce its end strength by 20,000 military in FY90, the Army has proposed the initiation of the following reduction and realignments in FY90 in order to meet the end strength goal:

Layaway Mississippi Army Ammunition Plant

Downsize the 194th Separate Armored Brigade at Fort Knox, KY to a task force

Begin the inactivation of the 2nd Armored Division at Fort Hood, TX

Inactivation 1st CIDC Region

Begin the inactivation of the 9th Infantry Division and the creation of a separate brigade at Fort Lewis, WA

Closure of 39 Housing sites

The Navy has already terminated construction contracts at Lake Charles and Galveston, which were recommended for closure in Round I. Round II realignment and/or closures which may also commence this fiscal year are those envisioned at the Naval Communications Station Nea Makri, the Naval Communications Station San Miquel, and the Naval Air Station Bermuda.

Air Force Base Closure Round I installations had initial realignment actions beginning in FY 90/2. (The majority and remaining realignments will occur in the announced closure year; Pease AFB, NY in FY 91, George AFB, CA, Mather AFB, CA, and Chanute AFB, IL in FY 93, and Norton AFB, CA in FY 94. Presently, there are no Round II bases that close or realign in FY 90.)

ADJUSTMENT OR CORRECTIONS TO BASE CLOSURE I

Question. Mr. Berteau, you state that a commission could not provide the essential flexibility to respond effectively to rapid changes. My question is this—what are you or the Services doing to adjust to rapid changes to correct deficiencies in the Commission's report? (I suspect none)

Answer. The General Accounting Office has exhaustively reviewed the Commission's work and found: (1) the methodology to be analytically sound; (2) the cost model to be a conceptually sound tool; (3) the savings to be substantial. Therefore, there are no deficiencies to correct.

Question. Have you considered assembling a legislative proposal and request the Congress to correct the deficiencies? (You are requesting a legislative proposal to "fast track" base closure candidates.)

Answer. There are no deficiencies to correct for the Commission's work. The proposed legislation, submitted on February 8, 1990, is designed to improve management of the Department of Defense by streamlining the procedures to close or realign military installations.

Question. Do you not agree that there are some recommendations of the Commission that need correction or adjustment? If so, could you enumerate such changes?

Answer. No, we do not agree and we are proceeding with the recommendations of the Commission and according to Public Law 101-526.

CONJUNCTIVE FUNDING

Question. Is it the Department's policy to encourage the use of more than one appropriation, i.e. conjunctive funding to support a base closure project?

Answer. No, base closure projects will be funded from the base closure account. DOD will propose conjunctive funding where there is both a base closure requirement and an existing deficiency. It is more efficient and economical to satisfy both requirements at once using two sources of funds.

Question. What is to prevent regular MilCon funds from being requested for projects that are the result of base realignment or closure?

Answer. Oversight by the many levels of the government ensures that regular MilCon funds won't be used in base realignment and closure projects. This process includes the Congress and its hearing and reporting requirements and the General Accounting Office. The Department of Defense is intimately involved in the approval of projects through the approval and coordination effort with the Services. Additional oversight is provided through the DOD IG and their investigatory powers. The Services themselves have their own IG process and Audit Agencies.

Question. Is it not true that management costs in executing base closure is being taken "out of hide" and that such costs are not being accounted for?

Answer. Management costs to implement base closures are not separately funded. The Base Closure effort is a managerial function not unlike other functions required to implement initiatives encountered by management in the normal course of doing business. The Services are appropriately accounting for their management efforts as they normally do.

Question. According to a Surveys and Investigative Report, OSD policy is not to include management costs under the Base Closure Account although some Services are accounting for base closure related activities. Has OSD established a policy for reporting management costs?

Answer. The Base Closure and Realignment Act (P.L. 100-526) established the account to fund those actions, generally construction and transportation cost, to accomplish the closure or realigment of affected installations. Base Closure management efforts are within the usual scope of normal managerial actions. As such, the account is not being used to fund base closure managerial efforts and the Services have not been levied with additional reporting requirements for base closure management efforts.

FORT HOOD-INACTIVATION 2ND ARMORED DIVISION

Question. Secretary Cheney's list of candidate installations for closure included a proposal to inactivate the 2nd Armored Division at Fort Hood, Texas. There was also a notation on the Army's recommendations that Fort Hood would be backfilled by returning CFE forces from Europe. Is this still the case?

Answer. CONUS force structure must be reduced due to fiscal constraints. 2d Armored Division will be inactivated without regard to backfill status. The declining and evolving Soviet threat and the current fiscal environment make it prudent for the Army to reduce its force structure. To meet the fiscal resource constraints, it is necessary to eliminate force structure in FY90 and FY91. A Fort Hood division was the best choice for elimination because it does not foreclose options and allows future flexibility. Standdown of a modernized heavy division is appropriate to the evolving threat and achieves substantial cost savings in operations, personnel, and equipment acquisition. Sunk costs are not lost at Fort Hood. Inactivation of a division there does not require base closure and preserves the installation for future use-expansibility. Equipment and space will be available should forces be able to be returned from Europe to backfill Fort Hood. The backfill may not be possible in the near term. Currently tabled CFE cuts reduce US forces in the European Theater to 225,000 with a floor of 195,000 in the Central Region. If the treaty enters into force in FY91, this would allow the Army to target reductions in Europe that year and preclude still deeper CONUS cuts. This would save dollars required to backfill units in the outyears. In any case, we do not foresee drawing down any forces from Europe until at least FY91. The fundamental issue is the Army must take large cuts in 1990 and 1991 in order to retain a balanced force and a balanced program. Cuts must be made in CONUS until treaty implementation can be executed.

Question. How is the Army proceeding with the inactivation at Fort Hood in order to minimize the economic impact on the local community?

Answer. The Army has proposed to inactivate the 2nd Armored Division not the entire post of Fort Hood. The Army will comply with existing National Environmental Policy Act requirements in regard to the proposed inactivation of the 2nd Armored Division. The installation has held a series of scoping meetings with local public officials and groups to determine the potential impacts and issues associated with the proposed inactivation. This information will be used in considering any actions which may be available to assist the affected communities. The Department of Defense Office of Economic Adjustment is available to assist the local communities in minimizing the impacts associated with the reduction of personnel at Fort Hood.

Question. Have any recent changes in planned force structure in Europe changed any plans to backfill troops at Fort Hood?

Answer. Currently tabled CFR cuts reduce U.S. forces in the European Theater to 225,000 with a floor of 195,000 in the Central Region. If the treaty enters into force in FY 91, this would allow the Army to target reductions in Europe that year and preclude still deeper CONUS cuts. This would save dollars required to backfill units in the outyears. In any case, we do not foresee drawing down any forces from Europe until at least FY 91. The fundamental issue is the necessity to take large cuts in 1990 and 1991 in order to retain a balanced force and a balanced program. Cuts must be made in CONUS until treaty implementation can be executed. Backfill of CONUS may not be possible in the near term, and 2nd Armored Division will be inactivated without regard to backfill status.

Question. General, your proposal to inactivate the 2nd Armored Division at Fort Hood will happen in the time frame of fiscal years 1990 and 1991. Do you expect to begin inactivation by October of this year?

Answer. The inactivation of the 2nd Armored Division, approximately 12,000 spaces, will commence in June 1990. Troop strength decrements for the 2nd Armored Division are as follows by FY: FY 90—approximately 3,500 spaces; FY 91—approximately 8,500 spaces.

Question. In determining Fort Hood as a candidate for inactivation, has the Army considered that Fort Hood is one of the most efficient posts in the Army where enormous facility investments have been made?

Answer. The Army did consider the condition of facilities and infrastructure at Fort Hood. A Fort Hood division was the best choice for inactivation because it does not foreclose options and allows future flexibility. Stand-down of a modernized heavy division is appropriate to the evolving threat and achieves substantial cost savings in operations, personnel, and equipment acquisition. Sunk costs are not lost at Fort Hood. Inactivation of a division at Fort Hood does not require base closure and preserves the installation for future use—expansibility. Equipment and space will be available should forces be able to be returned from Europe to backfill Fort Hood.

Question. Explain why inactivation at Fort Hood was selected over other Army force structure options.

Answer. The declining and evolving Soviet threat and the current fiscal environment make it prudent for the Army to reduce its force structure. To meet the fiscal resource constraints, it is necessary to eliminate force structure in FY 90 and FY 91. A Fort Hood Division was the best choice for elimination because it does not foreclose options and allows future flexibility. Stand-down of a modernized heavy division is appropriate to the evolving threat and achieves substantial cost savings in operations, personnel, and equipment acquisition. Sunk costs are not lost at Fort Hood. Inactivation of a division there does not require base closure and preserves the installation for future use—expansibility. Equipment and space will be available should forces be able to be returned from Europe to backfill Fort Hood.

PRESIDIO OF SAN FRANCISCO, CALIFORNIA

Question. How much would it cost to relocate the Army Reserve unit?

Answer. The cost to relocate all of the U.S. Army Reserve units from the Presidio to Oakland Army Base is $8.0 million for construction of new facilities and $18,000 for relocation of equipment.

Question. How much would it cost to relocate and replicate Letterman Army Institute of Research facility?

Answer. The cost to relocate the Letterman Army Institute of Research facility to Fort Deterick is $58 million for construction and $5.5 million for relocation of equipment from the Presidio to the new facility. Also, associated with the relocation of the facility is $1.1 million for relocation of personnel from the Presidio to Fort Detrick.

Question. What does the Army estimate the payback is for construction of a new Institute for Research facility?

Answer. The payback for the relocation of individual activities or construction projects was not calculated. Payback periods used by the Secretary of Defense's Commission on Base Realignment and Closure were based on the entire closure package which is a summation of all estimated costs and savings associated with the closure of the Presidio.

Question. How much would it cost to relocate the Logistics Control Agency to Letterkenny Army Depot and what is the estimated payback period?

Answer. The Logistics Control Agency will be collocated with the Material Readiness Support Activity, which is relocating from the Lexington portion of the Lexington-Bluegrass Army Depot, in a new facility. The current budget estimate is $14.9 million in Base Closure Account funds and $3.0 million conjunctively funded from non-Base Closure Account funds. The estimate for the relocation of personnel and equipment is $1.1 million.

The payback for the relocation of individual activities or construction projects was not calculated. Payback periods used by the Secretary of Defense's Commission on Base Realignment and Closure were based on the entire closure package which is a summation of all estimated costs and savings associated with the closure.

CIRCUMVENTING BASE CLOSURE I

Question. My understanding is that the recommendations of the Base Closure Commission must be carried out without any change. However, nothing in the Base Closure Commission recommendation or the Act require a mission to continue to exist. What is to prevent a Service from "disestablishing" a mission and allowing it to appear somewhere else years later? What is to prevent you from realigning a mission in a different form under the "umbrella" of Defense Management Review?

Answer. The tremendous costs involved in such a scenario would deter that type of action. Additionally, oversight from Congress would bring those types of moves into question.

BASES WITH LOW MILITARY VALUE

Question. For the record, provide the list of bases considered by the Commission to be low military value that were considered in the Commission's phase II analysis.

Answer. The Commission's analysis was based upon an evaluation of the installation's capacity. The studies being conducted in Round II are force structure related. The military value rankings would not be useful in this round of closure studies.

Additionally, this information is highly sensitive and should not be released to the public. The Department has in the past and would be willing now to allow you or your staff to examine the Commission's files.

Question. Are there any bases with low military value as determined by the Commission that are not considered as candidates for base realignment or closure?

Answer. Yes. The bases associated with the January 29, 1990, announcement are related to force structure drawdown or realignment.

The Base Closure Commission assumed a constant force structure. Therefore the Commission's methodology is not helpful in determining today's candidate bases to close from force reductions. Additionally, the Commission's relative military value was only the first step in a complicated process, not the end result.

Question. The Base Closure Commission identified a number of bases that were potential candidates for closure. Among them were Fort Monroe and Fort Eustis. Can the Army explain why these two bases were not considered for consolidation or closure?

Answer. Fort Monroe was fully analyzed by the Base Closure Commission and was not recommended for closure by the Commission because it did not meet the Ccommission's payback criterion.

Fort Eustis was considered by the Commission in its phase I analysis and rejected as a closure candidate because of its relative military value ranking.

CONJUNCTIVELY-FUNDED PROJECTS

Question. Mr. Berteau, has your office reviewed the Service's determination regarding conjunctively-funded projects? For example, the 1990 program includes a project for Navy exchange facilities at Staten Island, for $2.64 million, with no conjunctive funding from non-appropriated funds. Do you review the Military Department's judgment on such projects? Have you revised any of their determinations?

Answer. The Services base closure implementation plans have been reviewed by the OSD staff. The Navy Exchange project in question is required solely because of the additional personnel relocating from the closure of the Brooklyn facility which was recommended for closure. We have not found a Service project that has required revision.

PEARL HARBOR, HAWAII

Question. Admiral Buffington, the budget includes $59.5 million for three projects at Pearl Harbor related to relocating one battleship and two cruisers. One of these projects requests $45 million for a pier and shore improvements to berth one battleship. Is this affected by force structure changes announced in the 1991 budget, which call for retiring two battleships and two cruisers?

Answer. The force structure changes announced in the 1991 budget have not altered the Navy's plans to comply with the Base Realignment and Closure Commission recommendation to realign a battleship and two cruisers to Pearl Harbor.

Question. Admiral Buffington, you are not programming any new family housing units at Pearl Harbor under the Base Closure Account. Do you estimate that the family housing requirement will not increase?

Answer. The family housing requirements associated with this action were discounted because of offsetting effects from a continuing reduction in the number of other ships and military personnel stationed on Oahu.

REVENUES

Question. In the executive summary, the FY 1991 budget estimate for Air Force land revenues is $1.214 billion. The Commission's estimate was $175 million. Why is there over a $1 billion difference in the two estimates?

Answer. The Air Force estimates relate directly to a more detailed review of the real estate markets. The $1.214 billion was calculted using a reasonable return on the replacement value of the facility.

	Percent
Chanute	10
George	25
Mather	25
Norton	15
Pease	25

In addition, a more reasonable per acre value was applied to the overall acreage.

Question. In the executive summary, the FY 1991 budget estimate for Army savings is $776 million. The Commission's estimate was $1.539 billion. What caused over a $700 million difference in the two estimates?

Answer. The difference in savings between the Commission's estimate and the Army's program is primarily due to the Commission's assumption that many of the moves and the personnel eliminations could be accomplished early during execution. This would enable the resulting reductions in operation and maintenance and personnel costs to accrue for a longer period of time thereby increasing savings. In reality, this is not possible due to the requirement to construct facilities at gaining installations and to comply with the National Environmental Policy Act. As a result, relocations that the Commission assumed would be accomplished in FY 1990 and FY 1991 are in fact scheduled to be accomplished in FY 1994 and FY 1995. This does not affect the recurring annual savings.

FORT BELVOIR—CAMERON STATION, VIRGINIA

Question. Under the current base closure plans, the Army intends to construct a second commissary and a second post exchange at Fort Belvoir, Virginia. Is the planned closure of Cameron Station the primary justification for constructing a second commissary and post exchange at Fort Belvoir? If so, instead of building new facilities at Fort Belvoir, can't the personnel now using Cameron Station facilities utilize the many other military commissaries and exchanges in the area?

Answer. Less than 50 percent of the second commissary at Fort Belvoir, which will be located on Main Post, will be constructed with Base Closure Account Funds. The new exchange, which will be part of a shopping center to be constructed adjacent to the existing commissary on North Post, will be fully funded from the Base Closure Account. Independent surveys of Cameron Station exchange and commissary patrons in 1989 determined that 49 percent of the patrons of both the commissary and the exchange would shop at Fort Belvoir if the Cameron Station facilities were closed. The increased commissary sales at Fort Belvoir cannot be accommodated at the existing commissary, which is now operating at 132 percent of design capacity. The existing Fort Belvoir exchange facilities are at capacity and further increases would severly impact the level of service.

Question. Is there any other Army installation that has or is planning to have either two commissaries or two exchanges?

Answer. Fort Hood and Fort Bragg are the only installations which have multiple commissaries. A main commissary and a smaller commissary annex are located at each installation because of the inability to adequately serve the patrons in only one store. The high troop concentration at each installation is the primary reason for this configuration. Current plans do include replacing the older annexes with new facilities at Forts Hood and Bragg in Fiscal Years 1992 and 1997 respectively. These actions are not related to the Base Realignment initiative whereas the Fort Belvoir/Cameron Station construction is.

No other post has two main exchanges. There are some installations where a major exchange and a secondary mini-mall exists. This situation at Fort Belvoir is unique in that there is insufficient real estate to expand the building and parking lot to provide an adequately sized facility.

JEFFERSON PROVING GROUND, INDIANA—YUMA, ARIZONA

Question. The Jefferson Proving Ground closure package shows total environmental cost of $10 million, to be financed entirely out of the O&M account. The State of Indiana estimates that it will cost $653 million to clean-up Jefferson for unrestricted use. What is your estimate based on, and how do you reconcile the difference?

Answer. The Army policy for environmental restoration of Base Realignment and Closure installations is to determine through studies the extent of contamination, eliminate any imminent threats to the human environment, and to clean up sites or parcels of sites where revenues would exceed restoration costs. Installations or parcels requiring restoration, where cost is estimated to be greater than sales revenues, will be cleaned with Defense Environmental Restoration Account funds. Cleanup of these sites will be accomplished on a "worst-first" basis, therefore, many of these sites may be scheduled for cleanup after Base Realignment and Closure actions are executed.

The $10 million in the Army budget associated with the restoration of JPG would be used to carry out investigations through the preliminary assessment (review of existing records to determine what kind of contamination exists at the installation), remedial investigation (field work and laboratory work to determine the extent of the problem), and feasibility study (options for cleaning up the existing contamination). A portion of the $10 million will be used to clean up any salable parcels where the sales proceeds exceed cost of cleanup. The cost for total cleanup of JPG will not be known until completion of the Remedial Investigation/Feasibility Study.

The State of Indiana's cleanup cost estimate of $653 million includes explosives ordnance disposal. It should be noted, however, that this estimate assumes that the future use of the installation would be restricted to a wildlife refuge.

GEORGE AIR FORCE BASE, CALIFORNIA—MOUNTAIN HOME AIR FORCE BASE, IDAHO

Question. The Base Closure Commission report referred to "the recent expansion of the electronic-combat and weapons ranges in the Mountain Home area". What is the status of this expansion, including any land acquisitions or easements?

Answer. There is an ongoing $14.6 million upgrade at Saylor Creek Range to enhance the electronic combat training for EF-111s by installing simulated threat emitters. However, this is not an expansion per se. We are evaluating a proposal for expanded range capability in the Mountain Home area, but, no land/airspace acquisitions have yet been made. This expansion will be evaluated in the Tier 2 Environmental Impact Statement (EIS) for Mountain Home AFB. A Record of Decision (ROD) for this action is not expected until late 1991.

CONVENTIONAL FORCES IN EUROPE—FORT DIX, NEW JERSEY

Question. The Base Closure Commission recommended realignment of Fort Dix, New Jersey to "semi-active status". The Commission's report stated—and I quote—"the size and location of Fort Dix will also provide capability to absorb future Army force structure changes resulting from possible adjustments in overseas unit stationing". Does the Army foresee any CFE troop reductions in Europe impacting on Fort Dix?

Answer. Not at this time. CFE reductions in Europe could, depending on negotiations, allow some restationing of U.S. forces to CONUS bases.

PEASE AIR FORCE BASE, NEW HAMPSHIRE

Question. You are anticipating $300 million in revenue from land sales at Pease AFB during fiscal year 1993. Pease has a total of 4,257 acres. Is the U.S. Department of the Interior interested in acquiring any of this land? If so, are they looking for a no-cost transfer?

Answer. Yes, currently the preference of the Department of the Interior (DOI) is a no-cost transfer of 1600 acres. Secretary Cheney has advised the governor of New Hampshire that no-cost transfers, while authorized by law, will not be the best course of action to pursue for the Department.

Question. Have you received any firm expression of interest from any Federal agency in acquiring land at Pease for fair market value?

Answer. Any Federal agency wanting to acquire portions of the base will be expected to pay fair market value. Currently, the only agency other than DOI interested in Pease AFB is the Dept of Veteran Affairs.

HOMEOWNERS ASSISTANCE PROGRAM

Question. For fiscal years 1992 through 1995, you project that you will need $26 million for the Homeowners Assistance program, offset by $3 million in revenue from the sale of houses previously purchased. Are these funds being programmed for transfer from the Base Closure Account to the Homeowners Assistance program.

Answer. No. These funds are not programmed for transfer from the Base Closure Account to the Homeowners Assistance program, but will be funded through the normal budgetary process in order to avoid having to transfer the funds twice. The costs of the program will be accounted for in the overall Base Closure Account. However, the actual funds required to support the Base Closure and Realignment Act initiative through these years will be $116 million, offset by $93 million in revenues. This nets to the $23 million you have described. This is critical to the success of the program since the funding stream requires outlays before the revenues can be realized.

Question. What did the Secretary's January 29 announcement of additional candidates for closure do to the real estate market at those locations?

Answer. The only impact believed to have occurred to date are in the Fort Hood, Fort McClellan, and Fort Knox areas. No other impacts on real estate markets are known at this time.

Question. Have you begun to receive Homeowners Assistance claims from that announcement?

Answer. There have been inquiries regarding the announcement, but no claims have yet been received.

STAND-ALONE HOUSING SITES

Question. General Stofft, please describe in some detail the process you will follow in disposing of 53 stand-alone family housing sites that have 1,150 housing units located in 12 states. Your estimate of $86.9 million in revenue from these sites is based on the Commission's estimates. What is the status of detailed appraisals of these properties? The Commission's estimate of revenue comes to about $75,000 per housing unit. Are you endorsing that estimate?

Answer. The process that the Army will follow in disposition of the 53 stand-alone family housing sites is prescribed by the Base Closure and Realignment Act which requires that the Army comply with provisions of the Federal Property and Administrative Services Act of 1949, as amended. To date, we have completed screening the housing sites within the Department of Defense and screening with other federal agencies. Some sites were not required at either level; these sites were declared surplus to federal requirements and screening began in March at state and local levels. In addition, descriptions of the sites which are anticipated to be vacant this summer were sent to the Department of Housing and Urban Development for a determination of suitability as housing for the homeless, pursuant to the McKinney Act. If sites are determined suitable and available, but a provider of services for the homeless or a state or local public body does not express interest, the housing sites could be sold to the public by auction or sealed bid. Finally, the Base CLosure and Realignment Act requires that the Secretary consult with the Governor of the State and heads of the local governments concerned before action may be taken with respect to the disposal of any surplus real property. Appraisals have been completed on most of the 39 sites scheduled for disposal in fiscal year 1990. These appraisals are being reviewed and are expected to be complete by early summer. Based on the appraisals reviewed to date, the Commission's estimate of approximately $75,000 per housing unit appears a bit low.

MC KINNEY ACT

Question. Last year there was some concern that the McKinney Act might create an entitlement for the homeless to acquire housing units at closure sites at no cost, and that DOD might be required to maintain these units and the utilities infrastructure. Has this been a problem?

Answer. Title V of the McKinney Act allows leases, permits, or licenses of federal properties determined suitable to assist the homeless. Conditions of those real estate documents would include a requirement that the homeless provider/lessee maintain those units and make any necessary repairs to the utilities infrastructure. The first base closure properties to be determined suitable as housing for the homeless by the Department for Housing and Urban Development were published in the March 9 Federal Register. The process has just begun to operate; any problems will be worked out as we go along. The Army intends to meet all its responsibilities under the McKinney Act and the Base Closure and Realignment Act.

REVENUE

Question. Please provide for the record a list of the estimated $2.34 billion in revenues from land sales, by location.

Answer. The budget justification submitted in January 1990 contains that information.

PROJECTS NO LONGER REQUIRED

Question. Are there any projects listed in your budget justification that are no longer required?

Answer. Due to the retirement of C-141s in place at Norton AFB, adjustments to Norton realignment construction are on going. Some projects in support of the 63d Military Airlift Wing relocation can be cancelled while others in support of the reserve C-141 squadron remain. Some of the general support construction will be needed with a reduced scope. A revised program will be available by mid-April 1990.

One project at Bluegrass Army Depot in Kentucky, now programmed for $1 million in fiscal year 1992, is no longer required. The personnel originally planned for this new headquarters building will be relocated to existing space on the installation. A project was included at Fort Benjamin Harrison to renovate space in Building 1 to house the Headquarters, Fourth U.S. Army. The inactivation of Fourth U.S. Army is one of the program adjustment proposals announced on 29 January 1990. If the decision is made to inactivate Fourth U.S. Army, this project would no longer be required. The Army has stopped design on this project.

Question. Are there any 1991 projects in the budget justification that will not be put under contract during 1991?

Answer. Base Realignment and Closure Projects in FY 91 will change due to the adjustments required at, for instance, March AFB. While some projects will be reduced in scope, others will be cancelled. Additionally, projects in FY 92 and 93 will be rolled forward where possible to accelerate the disposal of the five closing bases.

All construction projects in the 1991 budget are planned for contract award in that year. The schedules for base realignment and closure are such that it is imperative that all projects be executed in the year they are planned.

Question. Have any new requirements for 1991 projects come to your attention in additioin to those contained in the budget justification?

Answer. Changes are envisioned due to such impacts as for instance, the C-141s retiring at Norton AFB.

PLANNING AND DESIGN

Question. The budget includes $55,780,000 for planning and design in 1991, as follows:

Army	$25,650,000
Navy	10,280,000
Air Force	19,850,000
Total	55,780,000

Does this complete the planning and design for "base closure I" except for $3,990,000 and that the Navy will budget for in 1992?

Answer. The Air Force does not anticipate a need for additional design funds beyond FY 91.

The $10,280,000 budgeted in 1991 and the $3,990,000 budgeted in 1992 will complete funding of the Navy's planning and design for "Base Closure I" as currently sized.

For the Army, the fiscal year 1991 Base Closure Account budget amount, in conjunction with prior planning and design amounts, should be sufficient to cover the total requirement to support Base Closure and Realignment Act initiatives.

PROPOSED LEGISLATION

Question. Please submit for the record a copy of legislation the Department has proposed to amend 10 U.S.C. 2687 to change existing authority to close or realign military installations.

Answer. A copy is submitted with this package.

THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

February 8, 1990

Honorable J. Danforth Quayle
President of the Senate
Washington, DC 20510

Dear Mr. President:

Enclosed is a draft of legislation "To improve management of the Department of Defense by streamlining procedures to close or realign military installations, and for other purposes."

Current law limits my ability to improve the management of the Department of Defense and achieve savings in the defense budget by closing unneeded or obsolete military installations until after the completion of lengthy and time-consuming studies and evaluations. The net effect of these cumbersome procedures is that few, if any, bases ever get closed.

Section 2687 of title 10, United States Code, currently requires Congressional notification during a narrow once a year window. Further, coupled with the National Environmental Policy Act of 1969, it requires extensive reviews of the anticipated fiscal, local economic, budgetary, environmental, strategic, and operational consequences of proposed actions way out of proportion to the benefit of the studies.

In an era when we are attempting to reduce the size of the Department in a prudent, cost-effective manner, section 2687 procedures are wasteful and expensive, and constitute an exercise in futility. They serve only to protect parochial interests and encourage lawsuits.

The enclosed legislation will allow us to streamline and reorganize the Department's domestic base structure in an efficient and constructive manner. It will improve section 2687 procedures to permit Congressional notification at any time, not just the limited window of opportunity now available. Further, it will expedite the lengthy procedures required by the National Environmental Policy Act of 1969, while still complying fully with all substantive provisions of law designed to protect the environment.

To ease the impact on affected communities, the draft legislation will establish permanently a Base Closure Account. This fund will be available to provide community planning assistance, community impact assistance, environmental restoration and mitigation, as well as out-placement assistance to separating employees.

The Office of Management and Budget advises that enactment of this legislation would be in accord with the program of the President.

Sincerely,

Dick Cheney

THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

February 8, 1990

Honorable Thomas S. Foley
Speaker of the House of Representatives
Washington, DC 20515

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Sincerely,

Dick Cheney

8 FEB 1990

A BILL

To improve the management of the Department of Defense by streamlining procedures to close or realign military installations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act maybe cited as the "Defense Base Consolidation Act."

Section 2. Section 2687 of title 10, United States Code, is amended to read as follows:

"§2687. Base closures and realignments.

"(a) THRESHOLD--Notwithstanding any other provision of law, no action may be taken, except for those closures or realignments authorized by other provisions of law, to effect or implement--

"(1) the closure of any military installation at which at least 300 civilian personnel are authorized to be employed,

"(2) any realignment with respect to any military installation referred to in paragraph (1) involving a reduction by more than 1,000, or by more than 50 percent, in the number of civilian personnel authorized to be employed at such military installation at the time the Secretary of Defense notifies the Congress under this section of the Secretary's plan to close or realign such installation, or

"(3) any construction, conversion, or rehabilitation of any military facility that may be required as a result of the closure or realignment of a military installation to which this section applies, unless and until the provisions of subsection (b) are complied with.

"(b) CONGRESSIONAL NOTIFICATION--If an action described in subsection(a) with respect to the closure or realignment of a military installation is taken, the Secretary shall notify the Committees on Armed Services of the Senate and House of Representatives of the proposed closure or realignment, and submit with the notification an evaluation of the fiscal, local economic, budgetary, environmental, strategic, and operational consequences of such closure or realignment.

"(c) NATIONAL SECURITY EXEMPTION--Subsections (a) and (b) of this section shall not apply to the closure or realignment of a military installation if the President certifies to the Congress that such closure or realignment must be implemented for reasons of national security or a military emergency.

"(d) IMPLEMENTATION--

"(1) The Secretary of Defense may--

"(A) carry out actions necessary to implement such closure or realignment, including the acquisition of such land, the construction of such replacement facilities, the performance of such activities, and the conduct of such advance planning and design as may be required to transfer functions from such military installation to another military installation, using funds in the Base Closure Account or funds appropriated to the Department of Defense for use in planning and design, minor construction, or operation and maintenance;

"(B) provide-

"(i) economic adjustment assistance to any community located near a military installation being closed or realigned, and

"(ii) community planning assistance to any community located near a military installation to which functions will be transferred as a result of such closure or realignment,

if the Secretary of Defense determines that the financial resources available to the community (by grant or otherwise) for such purposes are inadequate, using funds in the Base Closure Account or funds authorized for and appropriated to the Department of Defense for economic adjustment assistance or community planning assistance;

"(C) carry out activities for the purposes of environmental restoration and mitigation using funds in the Base Closure Account or funds appropriated to the Department of Defense for environmental restoration and mitigation; and

"(D) provide outplacement assistance to separating employees at military installations being closed or realigned using funds in the Base Closure Account or funds appropriated to the Department of Defense for outplacement assistance to employees.

"(2) Nothing in this section restricts the authority of the Secretary of Defense or the Secretary of the military department concerned to obtain architectural and engineering services under section 2807 of this title.

"(e) MANAGEMENT AND DISPOSAL OF PROPERTY.--

"(1) The Administrator of General Services shall delegate to the Secretary of Defense, with respect to excess and surplus real property and facilities located at a military installation closed or realigned under the procedures established by this section--

"(A) the authority of the Administrator to utilize excess property under section 202 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. §483);

"(B) the authority of the Administrator to dispose of surplus property under section 203 of that Act (40 U.S.C., §484); and

"(C) the authority of the Administrator to grant approvals and make determinations under section 13(g) of the Surplus Property Act of 1944 (50 U.S.C. App. §1622(g)).

"(2)(A) Subject to subparagraph (B), the Secretary of Defense shall exercise the authority delegated to the Secretary pursuant to paragraph (1) in accordance with--

"(i) all regulations in effect on the date of the Defense

Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526) governing the utilization of excess property and the disposal of surplus property under the Federal Property and Administrative Services Act of 1949; and

"(ii) all regulations in effect on the date of the enactment of the Defense Authorization Amendments and Base Closure and Realignment Act governing the conveyance and disposal of property under section 13(g) of the Surplus Property Act of 1944 (50 U.S.C. App. 1622(g)).

"(B) The Secretary of Defense, after consulting with the Administrator of General Services, may issue regulations that are necessary to carry out the delegation of authority required by paragraph (1).

"(C) The authority required to be delegated by paragraph (1) to the Secretary of Defense by the Administrator of General Services shall not include the authority to prescribe general policies and methods for utilizing excess property and disposing of surplus property.

"(D) The Secretary of Defense may transfer real property or facilities located at a military installation to be closed or realigned under this section, with or without reimbursement, to a military department or other entity (including nonappropriated fund instrumentalities) within the Department of Defense or the United States Coast Guard.

"(E) Before any action may be taken with respect to the disposal of any surplus real property or facility located at any military installation to be closed or realigned under this section, the Secretary of Defense shall consult with the Governor of the State and the heads of the local governments concerned for the purpose of considering any plan for the use of such property by the local community concerned.

"(3)(A) Except as provided in paragraph (B), all proceeds-

"(i) from any transfer under paragraph 2(D); and

"(ii) from the disposal of any property or facility made as a result of a closure or realignment under this section, shall be deposited into the Base Closure Account.

"(B) In any case in which the Secretary of Defense requests assistance from the General Services Administration in the management or disposal of property or facilities, the Secretary of Defense shall reimburse the Administrator of General Services in accordance with section 1535 of title 31, United States Code, for any expenses incurred in such activities.

"(f) APPLICABILITY OF OTHER LAW.--

"(1) The provisions of the National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321 et seq.) shall not apply to the actions of the Department of Defense in selecting a military installation for closure or realignment, in selecting a military installation to receive functions from an installation to be closed or realigned, and in preparing and providing the Congressional reports required by this section.

"(2) The provisions of the National Environmental Policy Act of 1969, as amended, shall apply to actions of the Department of Defense (A) during the process of property disposal, and (B) during the process of relocating functions from a military installation being closed or realigned to another military installation after the receiving installation has been selected, but before the functions are relocated. In applying the provisions of such Act, the Secretary of Defense or the Secretary of the military departments concerned shall not have to consider--

"(i) the need for closing or realigning the military installation which has been selected for closure or realignment by the Secretary of Defense or the Secretary of the military department concerned;

"(ii) the need for transferring functions to the military installation which has been selected as the receiving installation; or

"(iii) military installations alternative to those selected.

"(3) A civil action for judicial review, with respect to any requirement of the National Environmental Policy Act of 1969, as amended, to the extent such Act is applicable, of any act or failure to act by the Department of Defense or the military department concerned during the closing, realigning, or relocating of functions referred to in clauses (A) and (B) of paragraph (2), or of any act or failure to act by the Department of Defense or the military department concerned under this section, may not be brought later than the 60th day after the date of such act or failure to act.

"(g) WAIVER-- The Secretary of Defense may close or realign military installations pursuant to the procedures set forth in this section without regard to--

"(1) any prior enacted provision of law restricting the use of funds for closing or realigning military installations included in any appropriations or authorization Act; and

"(2) the procedures set forth in section 2662 of this title.

"(h) BASE CLOSURE ACCOUNT--

"(1) The Department of Defense Base Closure Account established under Section 207 of the Defense Authorization Amendments and Base Closure and Realignment Act is hereby permanently established on the books of the Treasury as an account to be known as the "Department of Defense Base Closure Account" which shall be administered by the Secretary of Defense as a single account.

"(2) There shall be deposited into the Account--

"(A) funds appropriated to the Account;

"(B) any funds that the Secretary of Defense may transfer to the Account, from funds appropriated to the Department of Defense for any purpose, provided that the Secretary of Defense transmits written notice of, and justification for, such transfer to the appropriate committees of Congress; and

"(C) proceeds described in subsection (e)(3)(A);

"(3) The Secretary of Defense may use the funds in the Account only for the purposes described in subsection (d).

"(4) When funds in the Account are used to carry out a construction project under section (d)(1), and the cost of the project will exceed the maximum amount authorized by law for a minor construction project, the Secretary of Defense must notify, in writing, the appropriate committees of Congress of the nature of, the justification for, and the amount of expenditures for the project. Any such construction project may be carried out without regard to section 2805 of this title.

"(i) DEFINITIONS-- In this section:

"(1) The term "military installation" means a base, camp, post, station, yard, center, or other activity under the jurisdiction of the Secretary of a military department which is located within the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, or Guam. Such term does not include any facility used primarily for civil works, rivers and harbors projects, or flood control projects.

"(2) The term "civilian personnel" means direct-hire, permanent civilian employees of the Department of Defense.

"(3) The term "realignment" includes any action which both reduces and relocates functions and civilian personnel positions, but does not include a reduction in force resulting from workload adjustments, reduced personnel or funding levels, skill imbalances, or other similar causes.

"(4) The term "Account" means the Department of Defense Base Closure Account established by Public Law 100-526.

"(5) The term "appropriate committees of Congress" means the Committees on Armed Services and the Committees on Appropriations of the Senate and the House of Representatives.".

FISCAL YEAR 1991 OBLIGATIONS

Question. What is your estimate of the total obligations for the Base Closure Account for fiscal year 1991?

Answer. $916.5 million.

PROJECT LIST

Question. Your budget justification states that $670.6 million will be required for military construction projects and $38.5 million will be required for family housing projects during fiscal year 1991. Please provide for the record a list of these projects in State order, in a format similar to the C-1 document.

Answer. This list will be provided by separate correspondence.

[CLERK'S NOTE.—End of questions submitted for the record by Chairman Hefner.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Lowery.]

BASE CLOSURE I DESIGN CRITERIA

Question. I notice several, if not the majority of the projects requested to implement the Commission's recommendations are not at the 35% design level. Did OSD waive the 35% design criteria for the submission of these projects? Provide for the record a listing of these projects, by state, and the current status of design.

Answer. The 35% design completion criteria was not a primary requirement for the base closure MILCON budget submission. The DoD budget manual requires compliance with the design completion percentage to support budget requests. However, the Base Closure Commission recommendations, although not requiring a formal waiver, were exempted. Based on the short leadtime requirement for completion, this exemption was determined to be necessary.

Many of the design projects for FY90 MILCON meet the 35% design requirement. We are carefully monitoring the Base Closure Account to avoid program estimate shortfalls.

The information you requested listing projects, by state, and providing current design status will be provided under separate cover, at a later date.

[CLERK'S NOTE.—End of questions submitted by Congressman Lowery.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Kolbe.]

Question. Your charts show total expected proceeds for land sales in the original package of base closing to be $2.3 billion. A large portion of that was from the expected sale of land at Ft. Meade as part of the ISC/Intelligence Command swap. Now this sale may not occur because other federal agencies and the State of Maryland are lined up with proposals for the use of the land. How will not selling part of Ft. Meade affect your overall budget?

Answer. As with all our land sales, the sale of Fort Meade land has been factored into our budget estimates as income during the year of sale. Should these sale dollars not make it into the Base Closure Account, the Army would seek additional appropriated funding for the successful execution of the Army's base realignment and closure initiatives.

Question. You have Bergstrom AFB on your list to be studied for possible closure. I believe 7th Air Force is headquartered there. Can you tell us the candidate sites for possible relocation of the headquarters? I understand Davis-Monthan AFB is one of the possibilities, is that right?

Answer. Yes. The Air Force published a Notice of Intent (NOI) in the Federal Register on February 9, 1990 to prepare environmental impact statements with regard to the closure of Bergstrom AFB, TX. The NOI stated the EIS would analyze the possible relocation of HQ 12 AF to Davis-Monthan. The EIS will also study the no-action alternative of not closing Bergstrom AFB and leaving HQ 12 AF at its present location. Excess facilities at Davis Monthan, due to the ground launched cruise missile drawdown, make this installation a viable candidate for relocating HQ 12 AF.

Question. We have a serious problem at all the major Air Force installations in Arizona because of encroachment. There was a serious Air National Guard accident in Tucson a few years ago which killed two University of Arizona students when they were hit by a disabled A-7. Overflight of aircraft from the Guard unit at the airport and from Davis-Monthan AFB is a particularly sensitive issue in Tucson and I'm concerned about the long term viability of Davis-Monthan. Are you looking at Davis-Monthan for some new, non-flying, missions as you close other facilities? If not, I'd like you to start considering it.

Answer. The incident you referred to is unfortunate, but we assure you the Air Force takes every precaution to prevent such occurrences. The long-term viability of Davis-Monthan for a new mission is uncertain. During this period of increasingly constrained budgets, we are looking at many different alternatives to streamline operations without seriously degrading our effectiveness. We recognize the capabilities and limitations of Davis-Monthan AFB and will continue to take them into consideration in our future basing decisions. Additionally, there is an ongoing Arizona Air National Guard study covering three phases: 1) airspace/ground requirements; 2) encroachment on installations and ranges; 3) total force installation facility requirements. The study evaluates all Air Force installations and ranges in the state of Arizona.

Question. One of the Defense Management Review (DMR) recommendations is to "streamline" the Army's Information Systems Command. What are the "streamlining" options? Will it become a DOD command, instead of each of the services having a separate information command? Are all possibilities being looked at? What are the possibilities? Will you go forward with the move to Ft. Devens if it is going to be made a significantly smaller command?

Answer. Recommendations to streamline the United States Army Information Systems Command (USAISC) primarily impact headquarters type organizations through the elimination and integration of headquarters type units. Streamlining options/initiatives include the consolidation and reduction of the Headquarters, U.S. Army Information System Command at Fort Devens. This includes the merging of Headquarters, U.S. Army Information Systems Engineering Command, the U.S. Army Information Systems Management Activity, and the U.S. Army Information Systems Software Center with the Headquarters, U.S. Information Systems Command; consolidation of the Fort Devens Garrison Headquarters and functions with the Headquarters, U.S. Army Information Systems Command; streamline the USAISC Printing and Publishing Command in the National Capital Region; and eliminate, merge, and/or streamline various overseas field offices and commands. The streamlining and consolidation of functions within the U.S. Army Information Systems Command will not result in a DOD Information Systems Command. The Army is not investigating this as an option. The Army is planning to move the USAISC to Fort Devens, albeit smaller, in accordance with the schedule set forth in the Base Closure and Realignment Law.

Question. I was interested to see the Navy didn't offer to defer the building of any of its proposed homeports when it drew up its list of bases to study for possible closure. Why not? Wouldn't it be easier to not build something new than to relocate major facilities?

Answer. We did not recommend termination of any strategic homeport in this year's budget nor did Secretary Cheney include any of the strategic homeports in his announcement of bases proposed for study to realign/close. Nevertheless, we are evaluating our shore infrastructure requirements, including the strategic homeports, as affected by recent events.

We know that some of our older, established facilities are nearing the end of their useful life, and require extensive renovations and significant maintenance funds. Recent years' funding shortfalls have affected proper operation and maintenance of the Navy's supporting infrastructure. Upgrading and maintaining older facilities at existing bases must be weighed against the costs of constructing and maintaining new bases with modern facilities, specifically designed for some of our newer class ships.

In selecting bases for study, we attempted to reflect operational and strategic considerations as well as the opportunity for cost savings. Greater savings may be achievable from realignment of a complex rather than scattered individual installations because activities at a complex often exist to support each other. Chain reactions of reductions may be possible if key activities within a complex can be realigned. Additionally, the decision to study certain of the bases for closure or realignment was based on potential force level reductions with commensurate elimination of workload. In these cases, relocation of functions will be minimal.

[CLERK'S NOTE.—End of questions submitted for the record by Congressman Kolbe.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Chapman.]

RED RIVER—ARMY DEPOT, TEXAS

Question. Red River was selected as one of the three AOD (Area Oriented Depot) sites for many reasons. It is unique in that it is the largest Army depot, the closest depot to the Army's largest base (Ft. Hood) and the only depot with major missions in all three areas of depot level support (supply, maintenance and ammunition). Yet the DoD is proposing that Red River's supply mission be transferred to other depots and the Central Distribution Center modernization project be canceled. The DoD has stated that these proposals come in large part due to a perceived drop in peacetime supply requirements. If supply does drop, why doesn't the DoD close some of the supply facilities not targeted for closure that do not have Red River's unique credentials and transfer their supply missions to a modernized AOD located in the center of the country?

Answer. Army projections no longer support construction of 3 AODs. The Army's proposal to transfer Red River Army Depot's (RRAD) supply mission and cancel construction of the Central Distribution Center at RRAD was based on the fact it was the last of the three AODs to be modernized. The Army has incurred less sunk costs and can achieve a greater cost avoidance at RRAD than at the other two AODs. The cost avoidance/savings helps the Army meet budget reduction requirements laid down by DoD and Congress. Transfer of RRADs distribution mission has been discussed by DoD in conjunction with its efforts to consolidate all supply depots. The realignment of the Red River Army Depot area-oriented supply distribution mission has been proposed but not finalized. The Army is preparing the environmental and economical analysis required by the National Environmental Policy Act and in compliance with the provisions of section 2687 of title 10, United States Code. The economic analysis will be completed by the end of calendar year 1990 and the environmental analysis will be completed in early 1991.

Question. Since almost all of the Army depots were built 50 to 70 years ago, what further modernization, not presently underway, does the DoD envision for the Army's supply facilities? What is the anticipated life expectancy for all the Army's facilities? The Navy's? The Marine Corps'? The Air Force's?

Answer. The Army has planned construction of hazardous materiel storage facilities at primary depots to bring them into compliance with OSHA and EPA requirements. The Army's Depot System Command has initiated a comprehensive study—Revitalization of Army Depot System for the Year 2000 (Ready 2000)—to assess the functions and facilities required for the future. The life expectancy for DoD facilities is calculated on a case-by-case basis. It varies between facilities based on a number of factors such as age, type of construction, purpose, etc. For the modernized distribution facilities which have been constructed at Sharpe Army Depot and New Cumberland Army Depot, the economic life expectancy for analysis purposes is 20 years.

Question. What are the economic disadvantages of the DoD proposal to cancel the CDC modernization project at Red River Army Depot and relocate the Red River supply mission to other depots? If the CDC project is cancelled, what would be the total cost including money already spent and future expenditures? Was a life-cycle cost analysis made on this proposal? If not, when can copies of the analysis be made available to this committee?

Answer. The economic disadvantages are: sunk costs of $16.9M; termination and bid preparation costs and undetermined near term costs for personnel severance pay and permanent change of station. The planned total CDC modernization project cost at RRAD, to include money already spent and avoidance of future expenditures, is $180.3 million. Of this, $161.3 million in costs will be avoided if the proposed construction is cancelled. The reason the difference between total cost and cost avoidance is greater than sunk cost is inclusion of estimated termination costs yet to be negotiated. An economic analysis for cancelling the Red River AOD will be completed 1 November 1990. Experience and revised workload forecasts for fiscal years 1990 through 1996 indicate that the workload estimates used in part to justify the CDC modernization project were overstated. This, coupled with projected force downsizing, further reduces the savings to investment ratio for the proposed Red River distribution center to unaffordable levels.

Question. What is the estimated total amount of supplies that would be returned to the U.S. as a result of anticipated reductions of American military personnel stationed outside of the United States? Where does DoD plan to store these supplies?

Answer. The Department is still developing plans for redistribution of supplies, so precise data is not available. Redistribution stratgey for OCONUS units is focused on minimizing transportation costs by maximizing the redistribution of the supplies within the theater where they are presently located. The final plan is contingent on many decisions yet to be made, but under all feasible alternatives, storage of whatever supplies return can be accommodated.

Question. The DoD is presently conducting a study to evaluate the consolidation of all the military's supply systems. If the study supports consolidation, wouldn't the modernized three AOD system incorporating a Western, Central and Eastern facility be an extremely logical part of the new supply network? If not, why not?

Answer. The study to consider consolidation of the military supply systems is not yet complete. If consolidation is recommended, a full modernized AOD system may be a logical part of the solution. However, the AOD system is not yet fully implemented, and the cost of complete it will weigh against it. This cost, as well as other variable costs, would have to be considered in light of other options before inclusion of the AOD facilities could be determined to be most logical. The supply depot consolidation study is considering the total DoD distribution system. There are a number of other large modern DoD distribution centers that serve the same geographic area that the Red River Army Depot currently supports. The identificaiton of opportunities to eliminate inefficiencies/duplication is a focus of the study. If consolidation is not recommended, current Army projections alone do not justify the continuation of the modernization of the RRAD AOD facility.

Question. What is the risk of having only two depots? How would the supply mission be accomplished should one or the other become inoperative? With only one?

Answer. There is a risk of reduced on-time support to Army geographic customers for a period of time if one of the two AODs were to become inoperative. Other activities within the geographic area which normally provide back-up for the AODs would pick up the slack until the AOD could be brought back on line. Under a consolidated supply depot concept, which is currently under study, the risk is all but eliminated. There are a number of other large modern DoD distribution centers that serve the same geographic area that the Red River Army Depot currently supports. The depots in San Antonio, Texas; Oklahoma City, Oklahoma; Memphis, Tennessee; and others, could easily provide the supply depot support for the customers currently served by the Red River Army area-oriented depot.

Question. How many plants in the United States produce High Melt Explosives (HMX)? What amounts of HMX are produced at each of these plants? Where are each of these plants located? What are the ages of each of these plants? What are the life expectancies for each of these plants main facilities?

Answer. Holston Army Ammunition Plant (AAP) in Kingsport, Tennessee is the only HMX plant in the United States. Annual production of HMX ranges from four to five million pounds. Holston AAP was built in 1943. Several modernization programs have taken place since that time. Holston AAP can produce HMX indefinitely as long as modernization efforts continue.

Question. Please list all the known ways that any U.S. entity (i.e. NASA, the armed services, American corporations, etc...) has used HMX in the pat or could use HMX in the past or could use HMX in the future.

Answer. The primary use of HMX is as an ingredient in missile propellant. Eighty-five percent of peacetime production is used by the Navy for the Trident and Standard II missiles. It is used by the Army in the latest generation of anti-tank projectiles. The Air Force and the commerical space launch industry use small amounts of HMX. HMX is twelve percent more powerful than RDX and also costs from four to six times as much. Due to the high cost of HMX its usage will be limited to high performance applications where no substitutes are available.

Question. How many plants located in the United States presently have the ability to produce HMX by the MUSALL process? What are all of the possible benefits that could be derived from producing HMX by the MUSALL process instead of the Bachman method? How many plants located in the United States are currently producing HMX by the MUSALL process?

Answer. There is no large-scale plant anywhere in the world that is capable of producing HMX by the MUSALL process, nor are there plans to build such a plant. A small pilot plant, capable of producing 50 thousand pounds of HMX per month, was constructed at Longhorn Army Ammunition Plant in Texas for the sole purpose of evaluating the process which had previously been attempted at laboratory scale. Once the tests are completed there will be no further use for the facility. First indications are that the process may reduce the cost of basic explosive by ten percent and produce a more pure product.

Question. Where would the military obtain new productions of HMX if Holston Army Ammunization Plant were destroyed?

Answer. No significant quantity of HMX is available on the world market. The Army would have to construct a replacement for Holston AAP which would require approximately 19 months before the first product would be available.

Question. How much money has been spent on the Process Demonstration Module project at Longhorn Army Ammunition Plant?

How much money, if any, has been spent in connection with the feasibility, design, and construction of a new HMX facility that would produce HMX by the MUSALL process? If such a project has been initiated, how much would it cost to have it terminated?

Answer. The Demonstration Module cost $3 million. Acquisition, installation and evaluation of the MUSALL Pilot Plant at Longhorn Army Ammunition Plant cost an additional $28.4 million. This pilot plant was constructed solely for the purpose of evaluating the MUSALL process which had previously been tested only at laboratory bench scale level. The Army has obligated $13 million for the design of a full scale MUSALL facility (FY 89 funds); however, since the decision was made not to build a full scale HMX plant, the funds are being utilized for an orderly close out of the HMX project.

Question. Using the current Bachman process, what is the current cost per pound to produce HMX? Using the MUSALL process? Which type of production would offer the most pure form of HMX and which is preferred? Why?

Answer. The cost of the basic explosive using the Bachman process is $1.75 per pound. It is estimated that the MUSALL process could reduce this cost by ten percent. The MUSALL process produces the basic explosive HMX in a more pure from than the Bachman process, however, the significance of the quality difference is unknown. Extensive testing would be required to determine whether the purity difference would have a desirable effect. This testing would have to be completed before HMX produced using the MUSALL process could be used in sensitive applications such as the Trident program. In the interim, the MUSALL HMX can be used in less sensitive applications. Until the effect of the increased purity is proven, the preference for sensitive systems is for MUSALL produced using the Bachman method.

Question. The Army stated as recently as November of 1989 that without the full completion and continuation of the AOD system that was implemented in 1974, a 25% mobilization capacity shortfall would occur. What is the projected mobilization shortfall with only two AODs?

Answer. Defense Management Review (DMR) proposal 902 would retain the physical plant, equipment, and a residual supply workforce to support maintenance and selected major items at Red River Army Depot. The 25% mobilization capacity shortfall was developed prior to the announced troop reductions and the Conventional Forces Europe (CFE) negotiations. We do not now project any mobilization shortfall with two AODS.

Question. What is the current and future impact on troop support and readiness which would result from the DOD proposal to cancel the CDC project at Red River Army Depot and relocate the Red River supply mission to other depots?

Answer. For normal troop support, we estimate that the transfer of the Armed Oriented Depot (AOD) mission from RRAD to the Western Distribution Center (WDC) and Eastern Distribution Center (EDC) would increase normal Order Ship Time (OST) to the U.S. central up to 1.5 days. Critical readiness items can be shipped overnight from NCAD or SHAD to central CONUS.

Question. What is the expected transportation time (in days) from the EDC to Ft. Hood? CDC to Ft. Hood? WDC to Ft. Hood? What would be the supply time from the EDC, WDC and CDC to the following destinations if U.S. troops were ever indefinitely mobilized to those sites during a military conflict? 1. Panama. 2. Colombia. 3. Cuba.

Answer. Average driving time using single driver, 550 miles per day concept, to Ft. Hood from the WDC, EDC, and Central Distribution Facility is 4 days, 3 days, and 1 day, respectively. The EDC is currently the primary consolidation for all materiel shipped (except full container loads) to Panama and Colombia. During operation "Just Cause" in Panama, over 90% of all shipments were consolidationed at New Cumberland.

Question. When will the EDC and WDC be fully operational to include all computer hardware and software? Why doesn't the DoD wait for the EDC and WDC to be completed and fully proven out before it recommends the realignment of Red River's smooth running supply mission and the cancellation of the CDC modernization project? What happens if the projected operational saving at the EDC and WDC do not materialize and support to the troops deteriorates?

Answer. Since March 1989, the WDC has been operating in a semi-automated mode, and has proven increased efficiency. To date, over 50,000 lines have been relocated into the new facility and comprise the majority of the shipping and receiving workload. The EDC is scheduled to commence operations during February 1991 with the facility capable of full operations in the September 1991 timeframe. The WDC is expected to be fully integrated with automated systems by January 1993 and be capable of full operations during June 1993. However, the WDC is part of the Bay Area Distribution system (BADS) initiative on the west coast. If proven successful, then the WDC is scheduled to be operational and automated during summer 1991. The preferred alternative is to fully integrate the software systems at the EDC/WDC prior to recommending realignment of the AOD supply system. However, ongong budget and troop reduction initiatives within Department of Defense (DoD) have accelerated the decision-making process to realizea short-term resource savings. We have no indication the savings will not materialize. The projected reduced workload would render all three facilities underutilized. Supply Support to the troops will not deteriorate as back-up semi-automatic systems can be utilized.

Question. What is the risk of having only two depots? How would the supply mission be accomplished should one or the other become inoperative? With only one?

Answer. There is a risk of reduced on-time support to Army geographic customers for a period of time if one of the two AODs were to become inoperative. Non AODs within the geographic area which normally provide back-up for the AODs would pick up the slack until the AOD could be brought back on line.

Question. Would it be in the best interest of our country to reduce military construction at foreign bases and proceed with the construction of the Central Distribution Center at Red River Army Depot so we can support our own troops, have future mobilization capability and have the completed facility under U.S. jurisdiction in lieu of depending on a foreign government? If not, why not?

Answer. Military Construction projects are evaluated on the basis of their own merits. The change in workload negating the need for the Red River AOD is not affected by overseas construction projects.

Question. Are the decisions to close or realign targeted facilities or missions predicted on cost savings and improved efficiency? If so, will the DoD change its recommendation to close or realign any given facility or mission that can demonstrate cost increase and efficiency declines that would result from actual implementation of the proposed changes?

Answer. With regard to the Secretary January 29, 1990, proposed base closure list, the Secretary of Defense asked the Service Secretaries to review their existing force structure and basing requirements in order to identify possible reductions. Cost, savings and efficiency are important elements of a closure analysis but not the only elements. Future workload and mission effectiveness are examples of other important elements. The final decision on the Secretary's January 29, 1990, proposals will not be made until completion of environmental analyses required under the National Environmental Policy Act (NEPA). After the environmental analyses are completed, the Department of Defense will determine whether or not to proceed. Consequently, the service proposals may undergo revision as the studies are completed. Additionally, any plan for closure will address the fiscal, local economic, budgetary, environmental, strategic, and operational consequences of the closure.

[CLERK'S NOTE.—End of questions submitted by Congressman Chapman.]

WEDNESDAY, FEBRUARY 28, 1990.

IMPACT OF THE NEW EUROPE ON DOD AND NATO

WITNESSES

STEPHEN J. HADLEY, ASSISTANT SECRETARY OF DEFENSE, INTERNATIONAL SECURITY POLICY, OFFICE OF SECRETARY OF DEFENSE

GEN. JOHN R. GALVIN, USA, COMMANDER-IN-CHIEF, EUROPEAN COMMAND, OFFICE OF THE SECRETARY OF DEFENSE

STATEMENT OF THE CHAIRMAN

Mr. **HEFNER**. The committee will come to order.

This afternoon we will discuss the European construction program and the NATO infrastructure program. We have with us the Honorable Stephen J. Hadley, the Assistant Secretary for Defense for International Security Policy, and General John R. Galvin, the Commander-in-Chief of the U.S. European Command.

At this point, I will mention that we will conduct this hearing in closed session because of the classified nature of the discussion of national security matters.

We want to thank you gentlemen for appearing today. With all of the dramatic changes in the past year, I think that holding this hearing in executive session will help us have a full and frank discusion of all of our views.

Gentlemen, your prepared statement will be made a part of the record, and you may proceed in any way that you see fit.

STATEMENT OF MR. HADLEY

Mr. **HADLEY**. Mr. Chairman, I thought I might make brief points to try to set the stage for what is going on in Europe. Then General Galvin can get into more details, if that is acceptable to you?

Mr. **HEFNER**. Without objection.

Mr. **HADLEY**. We recognize there are dramatic changes underway in Europe that are sort of unique. These changes promise to basically remake the politics of Europe in a way that was inconceivable three months ago. We don't want to get too far ahead of ourselves. There will be thousands of Soviet troops in Europe for some time to come.

But, significant changes have already occurred. We recognize that the kind of massive Soviet-led across-the-board attack that we have been planning against for so long is an increasingly remote contingency.

The question is what follows? It is our view that the disappearance of this threat, the virtual disappearance of this threat does not mean there is no need for NATO and no need for substantial U.S. presence.

History reminds us that the Europe of the past has been seen in competition and conflict. It twice in the century resulted in a world war and twice required U.S. troops to come to Europe.

What is different about the last 45 years is that we have maintained the security of Europe through the NATO Alliance system of collective defense. We need to continue to maintain this system of collective defense to make sure we move beyond containment to a peaceful future, not back to the instabilities and uncertainties that characterized Europe in the past.

We think collective defense provides a framework by which Europe will prosper, by which the political evalution in Eastern Europe can continue, a framework for containing the historical ethnic territorial tensions in the past and a framework that will ease up tensions about security. I think continued U.S. involvement in substantial military presence is critical if this system is going to work.

Our allies continue to emphasize this point to us.

With that said, we can clearly reduce the level of our troops in Europe. President Bush has proposed a 25 percent reduction in U.S. forces in connection with CFE. We believe our first priority ought to be to achieve a CFE agreement based on this proposal and realize the substantial reductions in Soviet forces that will follow. We are, nonetheless, in this contex continuing to push our burden sharing agenda with our allies.

We believe that it is already clear from the consultations that have gone on in NATO that the U.S. will take a lion's share of the CFE reductions. That will make a major contribution to a more equitable sharing of risk roles and responsibilities. We will continue to push a variety of other initiatives to include NATO burden sharing.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Hadley follows:]

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SUBCOMMITTEE ON MILITARY CONSTRUCTION

STATEMENT OF

STEPHEN J. HADLEY

ASSISTANT SECRETARY OF DEFENSE

INTERNATIONAL SECURITY POLICY

BEFORE THE

HOUSE APPROPRIATIONS SUBCOMMITTEE
ON MILITARY CONSTRUCTION

28 FEBRUARY 1990

Mr. Chairman, Members of the Subcommittee. I am pleased to appear here today to discuss the issues and challenges presented by recent developments in Europe. I would like to start with a brief discussion of the opportunities, as well as the risks, the rapidly changing events of the past few months have put before us.

The European setting, with which we had become so familiar, has changed more dramatically during the past year than anyone ever thought possible. As Vaclav Havel said before a joint session of Congress last week, "history has accelerated." The Soviet Union, in allowing a more open society, has laid bare to the rest of the world its vast social and economic problems. It is struggling to restructure the political and economic system of the past. What will replace the failed Communist system is not at all clear. The Soviet Union is groping its way toward an uncertain future. We support perestroika and glasnost. We hope they succeed. But we simply do not know what kind of regime will finally emerge in the Soviet Union.

A welling up of popular sentiment and deeply rooted economic problems in East Germany have resulted in strong demands for German unification. Free elections in East Germany in March, increasing economic integration and political cooperation at the local level, and the continuing flow of East Germans moving West will further accelerate the process. German unification could lead to a major redefinition of the political and economic order in Europe. It could also have profound significance for the security situation, raising issues that are only now being addressed.

Nations in Eastern Europe are each undergoing unique and difficult transitions from Communist regimes to more democratic forms of government. There is the prospect in a few months of democratically elected non-Communist regimes in virtually all of Eastern Europe. This would reflect an enormous victory for political democracy and the rights of peoples to determine their own destiny. But we have also seen the severe internal dysfunctions within each of these nations, tremendous political and economic problems, and the emergence of long-buried ethnic and regional tensions. Bulgarian citizens have marched in support of continued oppression of the Turkish minority. Hungary and Romania have resumed a long-standing border dispute. We must recognize that the potential for disorder and chaos as the nations of Eastern Europe seek to redefine their relationship with the Soviet Union and the West is substantial.

The ongoing changes in Eastern Europe and the Soviet Union carry our hopes for a more peaceful world in the twenty-first century. But for all the drama of the changes to date, the process of institutionalizing democracy and making reform permanent has only just begun in these countries.

The changes to date bode well for a radical improvement in the security situation in Europe. But the public perception of change has outstripped the reality on the ground. There still are over 550,000 Soviet troops in Eastern Europe. While Hungary and Czechoslovakia appear to have succeeded in wresting from the Soviets a promise to withdraw their forces, the actual withdrawal will take into 1991. That will still leave well over 400,000 Soviet troops in the GDR and Poland. Regrettably, we may be confronted with a Soviet troop presence in these countries for some years after the Soviet presence in Hungary and Czechoslovakia has ended.

That said, significant changes in the security situation have occurred. The Warsaw Pact is no longer an effective instrument of potential Soviet aggression against the West. It is highly unlikely that the Eastern European states would participate in such an attack. Indeed, Soviet planners may no longer be confident of safe passage of Soviet troops through Eastern European territory. These developments have reduced dramatically, if not eliminated, the potential for a multi-theater Soviet attack to the depth of NATO. The specific scenario against which NATO has traditionally planned has for now at least become an increasingly remote contingency.

The question is what should follow from this? Certainly some reduction in U.S. forces in Europe is appropriate. The President has proposed in connection with a CFE agreement that U.S. forces be reduced to 195,000 in the Central Zone and 225,000 overall. This is a reduction of about 25% from the current level of 305,000. The President has indicated that given the uncertainties of the situation in Europe, this level of forces is one to which we would adhere for the foreseeable future, regardless of what happens to Soviet forces in Eastern Europe .

Some will argue that a 25% reduction is not enough. There are calls to go further. Questions are asked about what specific scenarios justify a continuing U.S. presence of over 200,000 troops. It should not be surprising that calls for specific scenarios are difficult to answer. The situation is so uncertain and fluid that it is almost impossible to foresee the particular security regime that will emerge, much less to foretell the specific threats that might upset it. The requirement is for a

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fortune teller, not a military planner,. But if the future is hard to discern, the past offers some guide. Europe has in the past been the scene of competition and conflict that twice in this century has resulted in a world war. Both times the US has been forced to send its armies to the continent. It seems premature, given all the uncertainties, to conclude that the past simply cannot be repeated.

But we can learn from the past. Peace has been maintained for the last 45 years. This is because we, along with our NATO allies, have developed through the NATO alliance a system of collective defense. Each member has sought, through this collective defense regime, a comprehensive solution to its own security needs. This system of collective defense has replaced the prior patterns of European states each seeking to safeguard its security through its own strength -- and thereby, causing anxiety in its neighbors -- or through a system of shifting alliances, itself a source of instability.

Our goal should be to move beyond containment in Europe, but it should be toward a future of peace, not the instabilities and uncertainties of the past. Our recent experience suggests that a system of collective defense offers the best hope of achieving this result. This means preserving NATO, and building upon it to develop a system of collective defense for the whole of Europe. This is a tall order and one on which we are only just beginning to embark. But what we should search for is not the "new scenario" on which to size our forces, but rather the route to this broader regime of collective defense. Our Allies clearly favor this approach . And they have all made clear that, in their view, a continued and substantial US military presence on the ground in Europe is an essential element of making it work.

Despite the uncertainly about the kind of Europe that will ultimately emerge, we can already see the kinds of threats with which a system of collective defense would be called upon to deal.

(1) Even with all its troops within its own borders, the Soviet Union will remain the overwhelmingly dominant military presence on the continent of Europe. This military capability will continue to overhang the continent of Europe even while it is further away from NATO territory. While an immediate and direct assault on NATO territory is a more remote possibility, there is always a risk of instability in Eastern Europe. A more traditional Soviet regime in the future may be tempted to seek to influence these events either by direct military action or indirectly by threatening the use of force. Only a collective defense arrangement with a substantial US presence can credibly deter such action. In this sense, such an arrangement serves in some measure as a guarantor that the process of political evolution in Eastern Europe can continue without Soviet intervention in the future.

(2) Even if the Soviet Union did not become involved, there is still the risk of ethnic and territorial dispute. Such disputes may be perceived as involving or threatening neighboring countries . A collective defense arrangement will deter these neighboring states from intervening militarily in these disputes and may provide a framework for resolving and working out the underlining dispute. In this sense the collective defense arrangement could provide both a source of military stability and a political framework for resolution.

(3) Finally, as European political changes continue, including the unification of Germany, a collective defense arrangement will reassure those countries both east and west that feel apprehensive about these developments. Thus it will facilitate German unification. Here again, given the stakes involved, a continuing US role is critical.

In summary, a continued substantial US presence in Europe is essential to a system of collective defense. Such a system is necessary to reassure Germany and others as unification proceeds, to provide a necessary counter-balance to what will be a militarily strong Soviet Union on Europe's eastern border, and to allow the economic and political evolution of Europe to proceed without anxiety about its security. As to specific scenarios, it is true that serious concern over a Warsaw Pact attack on NATO is receding and warning time is, in this classical sense, of decreasing significance. Still, the potential for a major crisis to explode out of the uncertain Eastern European and Soviet scenes with virtually no warning, although problematic, is very real.

Notwithstanding this backdrop of uncertainty and transition, as the promising events in Europe continue to unfold, conditions for achieving major reductions in military forces are becoming increasingly favorable. In fact, we are planning future forces based on our expectation of a CFE agreement. We have not in the past incorporated into our planning guidance an assumption of reaching an arms control agreement, before it was actually concluded, but we are doing so now because we expect to implement a successful agreement in the near future.

It is clear that US force structure is coming down. The DoD has projected for each year from 1991 through 1994 a real decline of -2% in the Defense budget. This will result by 1995, in a Defense budget of only 4% of GNP -- the lowest level since the period preceeding World War II.

But let me be very clear about one aspect of our "builddown". We will never sacrifice the well being of our people overseas. They are -- and will continue to be -- our most valued resource. In recent testimony, Gen. John Galvin, Supreme Allied Commander, Europe, said it best: "The ultimate strength of the American fighting force is its people. "We must make every effort to ensure that they receive quality health care, decent housing, a quality MWR program, and a workplace in which they can take pride". As we plan for any drawdown of forces abroad or transfer of facilities, we will be guided by these principles. This committee has a long-standing interest in these matters. Let me emphasize that the Department, too, will be sensitive to the host of problems raised when families suddenly have to move and lifestyles have to change. We will try to make all those transitions as smooth as possible.

This same principle must guide the overall contraction of our forces. Ours is no longer a force of draftees but of men and women who have made a major investment in a military career. They have chosen the military, served with skill and distinction, and are in part responsible for the favorable developments that are occurring today in Eastern Europe and elsewhere round the globe. We need to return the loyalty they have shown to their nation. We must recognize their legitimate expectations and provide for them accordingly . This requires an orderly and systematic -- and gradual -- reduction in the force to accommodate these concerns.

That brings me to burdensharing. There has been great concern about reports in the press suggesting that our allies have been considering unilateral reductions outside the NATO consultative process and the CFE negotiations. These reports are overstated.

Each of our allies is studying and analyzing its position and the benefits that it might realize within the new lower threat security environment subsequent to the successful conclusion of a CFE agreement. That these considerations are underway is a natural result of national forward planning and a useful adjunct to the parallel discussions within the Alliance. However, in our open societies we also must recognize and accept that some of this ongoing analysis will spill over into the public consciousness and public debate. And, in the free wheeling dialogue of the public and the press, long-term planning may be compressed into near-term actions, and mere intentions translated into inviolable fact.

While our allies, like ourselves, each continue to review the prospects , we are seeking to insure that final decisions that will be taken in the context of Alliance-wide force requirements and the rationalization of future force structure. This includes the equitable sharing of the attendant roles, risks and responsibilities for the common defense. We are encouraging our allies to focus on this objective, to abstain from taking unilateral actions, and to take their respective force reductions only within the confines of CFE agreed terms.

In addition, we continue to push our burdensharing agenda. The NATO Alliance is considering how to implement the reductions that will be part of the CFE agreement. SACEUR has taken the lead in this process. We believe that this work and resulting reductions will achieve a better apportionment of roles, risks and responsibilities within the Alliance. We think that this will contribute substantially to improved burdensharing between the United States and its Allies.

In addition to this approach to burdensharing, we continue to pursue more traditional measures. In this regard, the creation of the position of Ambassador for Burdensharing has been of great benefit. Since assuming his office, Ambassador Holmes has played an important role in raising the consciousness among Allies and U.S. agencies of the necessity, opportunities and modalities for sharing responsibilities and costs associated with global security and stability. He is working closely with us to develop and implement specific burdensharing goals, objectives and initiatives for the Administration and, as appropriate, undertaking negotiations with allies on a variety of related burdensharing issues including post-CFE support.

In summary, the resolve and the solidarity we have maintained within our alliance structures over the past forty years has played a significant part in getting us to this historical point. This same solidarity and resolve, carried forward into the future, will help to ensure that we are able to manage the uncertainties with which we must cope and the force reductions we hope to achieve. In Europe, NATO is the key to both an orderly change in the security structure and the ultimate success of the transitions now occurring in Central and Eastern Europe. It provides a driving

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and guiding force in the dynamic process of change from the status quo of the last forty years to a new order of peace and freedom that will carry us forward well into the next century. And, it provides a continuing source of stability, guaranteeing security in Europe especially in the face of the very difficult political and economic transitions in Eastern Europe and the Soviet Union.

That completes my formal statement. Thank you.

Mr. HEFNER. General Galvin?

STATEMENT OF GENERAL GALVIN

General GALVIN. Thank you.

I appreciate that my prepared statement has been accepted for the record. I would just like to say a few words.

I think there are many ways to sum up the rush of events in Europe today.

I would like to do it this way this time and say in the last four months Czechoslovkia has had two governments, Romania and Bulgaria have had three, and East Germany has had four. Before June of this year there will be elections in all the Baltic republics within the Soviet Union, in Moldavia and the Ukraine; there will be elections in East Germany, Hungary, Yugoslavia, Bulgaria and Czechoslovkia, and two local and state elections in Germany. And all of that by June.

So there certainly is a great deal going on. What I am engaged in over there right now is to produce the 195, 225 force. I have gone over that with my subordinate commander and built the structure that I think is the best possible for that force.

I will be submitting that to JCS and the Secretary of Defense very soon, within a matter of days. When that force is approved as a force structure under the new levels, then I will submit the list of installations that go with that force.

We are not very far at all from the list. I don't want you to think that we are wondering what those installations will be. We have already very carefully reviewed the Army and Air Force installations involved.

There will be well over 50 installations closed on the ground side, and the air side is around 30. An installation, to me, means a bunch of buildings with a fence around it.

I doesn't mean a building or an office. I am talking about installations that will actually close.

I know the committee will be worried about looking at funding for things that might close. I recognize that up front. I feel that I will have a very good handle on what will close and what will not after I get the structure approved.

There obviously may be some changes here and there, especially in the very small places. But if there is, I am very confident that I can jump on top of that and make sure that we do not continue on with anything that has been previously approved if we know that installation is going to close. I think we will have the time to do that.

I really don't think that that is going to be a serious worry.

The total MilCon request for this year is less than any year since 1982. I have shaved it down as far as I can get it.

I have been personally involved in this. What we are asking for now is the NATO infrastructure funding. That level is $420 million. Then the United States projects on their own add up to another $293 million. The total right now is $713 million. That is what is in that request that is before you.

Since that request has gone in and worked its way to you, I have continued working on this. I have cut back now from the 66 projects that we have to 59 projects. Those projects are still in there, so I will tell you what they are.

We had prefinancing for ——— weapons storage vaults, that NATO has agreed to fund in the infrastructure fund ——— so that comes out.

——— I no longer require the dispensary at Freidburg as that place will close.

——— There is a storage facility ——— in Aviano. I have found that I can continue to lease a building which will do the same job, so I don't want to build anything there. That is the fifth one.

The sixth one is a ready building ——— forward deployed on the border. ——— because the border isn't going to be there. I don't want to build——— there.

The last one is the Navy Pay and Personnel Support Office in London. The Navy has found a facility that the United Kingdom is willing to allow us to use, so we don't need any new construction there. Those come off the list and bring the list down to 59. ———.

Basically what those in the quality-of-life category are, are barracks and dormitories in several places, and some base and administrative operations are also part of that.

There are basically two or three projects under each one. I have listed some hard-stand projects under quality-of-life, because what that does is get the troops up out of the mud when they are trying to work on their vehicles.

I think that is important to them. Also, by the way, if you buy a vehicle that is worth a lot of money, you don't want to maintain it in the mud unless you are out on an exercise. When you are in garrision, you need to take better care of it than put it in the mud.

There are medical facilities in there. A couple of these are dental facilities. There are some moral, welfare recreation facilities and some schools.

I am very concerned that we keep up the program on the schools. I appreciate what this committee has done in the past with the DOD school system. I always have been very concerned about this and try to make sure that the kids over there get the quality of schooling that they would get in the U.S.

We still have some places, believe it or not, where we have some classes being taught in corridors that are blocked off temporarily. We have some other classes that are being taught in storage rooms. We have some places that don't have libraries, that don't have cafeterias. I think it is important to us to have if not super-quality schools, at least quality that comes up to the average of the USA.

On the mission essential side, there is munitions storage, there is a command, control, and communications facility, which even though we drawdown is very important. There are a couple of facilities that deal with the dual capable aircraft, specifically the F-15E's, that are coming in. The wartime host nation support, which would almost complete our agreement with the Germans who have done the part they need to do and we are more than 80 percent along with ours.

We need to finish the last part. That is part of an international agreement we have with them. ———.

I feel as we get smaller, it is important to have the intelligence capability as well as command and control. I would like to see that.

Then there is some maintenance. There is still some training at Grafenweoher, Holenfels, Vilseck, Baumholder; those locations which are very important to me in terms of modernizing the training.

As we bring in the computer-supported training, we will be doing less training off training installations, more on, and we have to get that right.

I would like to mention the 401st and its 72 first line fighters, F-16's, which will be moving from Torrejon to Crotone. That thing is important to me. On the south flank of NATO, we are very weak, little combat power. That is why I have also argued for the full deployment of two carriers ——— Combat power ——— that can reach into the Black Sea is important to us.

———. I think you also recognize we don't have much in combat power in the south flank. If you don't have the 401st you lose one third of your first line fighters that are capable of going both ways in a nuclear attack—it is really three ways. It is air-to-air, and it is air-to-ground.

Now, the way that stands right now—I would like to go over it one more time—we had a meeting on infrastructure funding for the 401st at NATO. All of the 16 nations, including us, agreed to fund, which is an extraordinary thing to do, to fund the move from Torrejon to Crotone.

The way they got the money is that NATO had a contingency fund which was 10 percent over that which was needed in case anything happened—a fall back fund. They decided to reduce that fund from 10 percent over to 5 percent over. They picked up 5 percent of all of those infrastructure projects. That was a significant amount of money.

Then infrastructure programs that had fallen behind or for one reason or another continued to be worked because they didn't have the design done or something like that, all of that was reprogrammed into Crotone over the years 1989 through 1994. The total of that reprogramming worked out to be 25—well, let me say, $91 million in 1989, $91 million in 1990, $145 in 1991, $145 in 1992. Then it worked its way up to 1993 and 1994. There is a total that NATO infrastructure funds pay of $726 million, out of which we pay 27.8 percent. We get 100 percent use of the place. That money for us amounts to $197 million.

On top of that, there are some costs that the U.S. has to pay in the way that the arrangement was made. That has to do with the housing, which is another $89 million, with some O&M funding and other funds, which bring the while total life-cycle funding for the thing to $358 million. This is the U.S. part of the infrastructure funding plus the things that the U.S. agreed to do, which was to take care of O&M, housing and a certain amount of morale, welfare and recreation aspects of it.

That, Mr. Chairman, completes the comments that I wanted to make. I thank you for allowing me to make those in the beginning.

I stand by to answer any questions that pertain to me.

[The prepared statement of General Galvin follows:]

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SUBCOMMITTEE ON MILITARY CONSTRUCTION
HOUSE COMMITTEE ON APPROPRIATIONS

STATEMENT OF

GENERAL JOHN R. GALVIN, USA

COMMANDER IN CHIEF, U.S. EUROPEAN COMMAND

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

HOUSE COMMITTEE ON APPROPRIATIONS

28 FEBRUARY 1990

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CONSTRUCTION HOUSE COMMITTEE
ON APPROPRIATIONS

INTRODUCTION:

Mr. Chairman and distinguished members of the Committee, I welcome this opportunity to provide for you my perspective on the situation in Europe as you study the U.S. requirements for a prudent national defense. As Commander in Chief, United States European Command, I am responsible for U.S. military activities in Europe and most of Africa. I also serve as the Supreme Allied Commander Europe, responsible to the North Atlantic Treaty Organization.

The past year has been one of accelerating change in Europe. Over the last four months there have been two different governments in Czechoslovakia and Romania, three in Bulgaria and four in East Germany. The only nations in Eastern Europe whose governments have not changed since last October are Poland, Hungary and the Soviet Union. In the coming months the pace will accelerate as elections are scheduled in the GDR, Hungary, Romania, and Czechoslovakia.

At this juncture it is more important than ever that we have a sense of our destination and an idea of how to get there. I think we already have a vision of peace in

Europe -- a protected peace -- based on a matrix of signed, verifiable and irreversible treaties. This vision is not new; it is similar to Woodrow Wilson's dreams for the League of Nations and to Franklin Roosevelt's hopes for the UN. The principle difference is that today, we have a better understanding of what it takes to bring that vision to fruition.

In 1947, just as the hopes for the post-war order began to fade, Western statesmen developed a concept for the future based on political and economic realities -- on the art of the possible. They rebuilt Europe through the aid of the Marshall Plan, they supported political integration through the forerunners of the European Community, and they helped provide military protection through the formation of NATO. Because of the foresight of these statesmen, we are one step closer to realizing our vision. But they did more than move us forward, they taught us a lesson. They taught us that achieving our goal takes patience, perseverance, and a willingness to sacrifice.

The changes that have taken place in Eastern Europe and the Soviet Union have reduced undeniably the military threat from the Warsaw Pact. But instability is a two-edged sword. At the same time that it has reduced the danger from the East, it has made the future unpredictable. The new governments in Eastern Europe have their most difficult tasks ahead of them. Historically, institutionalizing democracy has proven more challenging than making revolution. Five years ago it would have been nearly impossible to predict the events of 1989. Today, it is almost as hard to predict the events of next year. Whether the coming decades bring conflict or cooperation depends in large part on the decisions we make today.

The crucial task for us is to get from where we are now to our desired destination with acceptable risk at reasonable cost. In addition to planning for the future, my job requires me to look closely at what the situation is now. In the midst of all the changes we see in Europe, formidable military forces remain. The Soviet Union remains the largest ground and air power in the world and continues to produce military equipment at a rate higher by far than any other nation. While they have been following through with their promised unilateral reductions on a reasonable timetable, they have been careful to maintain their combat capability. The Soviets have reduced their forces deployed in Eastern Europe, but they are also modernizing, reorganizing, and redeploying. In short, they are restructuring their forces in such a way that their combat potential has decreased only slightly since 1988.

During the first four years of Mr. Gorbachev's leadership of the Soviet Union, military production continued unabated. In fact it increased in a number of significant areas. In the last nine months, production has gone down, yet remains at almost double the rate of the West. Modern aircraft like the FLANKER, FULCRUM, and BLACKJACK, quieter submarines like the AKULA-Class SSN, surface ships such as the TBILISI-Class aircraft carrier, theater and strategic missiles like the SS-21, SS-N-21, SS-18, SS-24, and SS-25, and all types of air defense systems such as the SA-10 and the 2S6 continue to be produced. This heavy production has created a modernized conventional and nuclear force in every category of air, land, and sea.

A major element of our strategy must be arms control. With the proper vision we can create a matrix of treaties that ensures greater security in Europe at significantly lower levels of forces. We need signed, verifiable, and irreversible treaties, actionable in event of violation. Without them we are merely hoping for peace, not ensuring it. In the attainment of strategic objectives, hope is not a good method; for example, the Kellogg-Briand Pact of 1928 denounced war as an instrument of national policy, but was painfully inadequate to stop the onslaught of the Second World War.

Currently, we are implementing several different agreements. In 1988 we began the implementation of the Intermediate Nuclear Forces (INF) Treaty. Today, we are almost fifty percent of the way along in the removal of an entire class of nuclear weapons from Europe. At the same time we are abiding by the Stockholm Accords signed in 1986 under the auspices of the Conference on Security and Cooperation in Europe (CSCE). To date, NATO countries have made 41 inspections and observations of exercises in the East, while they have inspected and observed 35 of ours.

Major progress has been made recently in the START negotiations and the bilateral chemical discussions with the Soviet Union. We are also moving forward in the Defense and Space Talks, the 40 nation Conference on Disarmament regarding chemical arms, and the Open Skies proposals. There also have been major strides in the effort to conclude an agreement on Conventional Forces in Europe (CFE). The outcome of these negotiations promises to be the most significant conventional arms control agreement ever reached.

Once CFE has been negotiated, signed, and implemented, then we can consider a treaty on Short-Range Nuclear Forces (SNF). Such forces will continue to be required and will remain an integral part of our strategy; however, we may be able to bring our nuclear stockpile down to lower levels provided the Soviets agree to parity in conventional forces.

These arms control initiatives, taken together, offer a far more secure Europe than anything seen heretofore in the twentieth century. Negotiated treaties are far more desirable than unilateral reductions. Without a binding treaty, and the verification regime that comes with it, unilateral reductions can be reversed. We could find ourselves in the awkward position of pulling back our forces without any permanence in the reductions taken by the other side.

The post-CFE era will require us to recognize the importance of new military realities on the continent. In an age of quantitative parity, qualitative advantages will be extremely important. If the Warsaw Pact destroys its oldest equipment and deploys its most modern ground force equipment in Eastern Europe, the oldest tank will be less than ten years old. Even if NATO does the same, its oldest tank will be nearly twenty years old. We can improve the quality of our forces by focusing on the morale and the training of our soldiers, and on improving the efficiency of our mission essential facilities. In this vein, military construction will be increasingly important in the future.

As U.S. forces in Europe are drawn down as a result of a CFE Treaty, we will be able to close or modify some U.S.-operated facilities. We are currently in the process of identifying those forces and facilities which will be affected.

We have developed a set of principles to guide us in reducing our forces to meet the President's proposal for 195,000 U.S. ground and air forces in Central Europe. These principles will lead to a residual force with maximum combat capability for the least expenditure of defense funds.

The guiding principles are as follows:

- Optimize combat capability
- Support the strategy
  - Forward Defense
  - Flexible response

- Minimize deleterious effects on the people of the force
  - Balance reductions between regions and missions
  - Eliminate or reduce future facility costs
  - Protect ability to train
  - Minimize intratheater moves
  - Protect modernization efforts
  - Retain or enhance reinforcement capability
  - Avoid hollow force

I anticipate we will have some preliminary analysis completed within the next few months. After we accomplish the necessary coordination and refinement within the European Command and the Department of Defense, we will inform you of our recommendations.

MILCON:

The total MILCON funding requested for the USEUCOM area of operations for FY91 is $713 million, which is the Command's smallest submission to Congress since FY82. The funding request consists of $420 million for the NATO infrastructure account and $293 million for individual national projects.

The projects are distributed between the services and other organizations as follows:

SERVICE/ CATEGORY	($000) AMOUNT REQUESTED	NUMBER OF PROJECTS	PERCENT OF TOTAL PROGRAM
ARMY	63,493	18	9
AIR FORCE	86,729	24	12
NAVY	15,040	6	2
MEDICAL	51,820	8	7
DoDDS	75,379	10	11
SUBTOTAL	292,461	66	41
NATO Infra	420,400		59
TOTAL	712,861		100

I urge you to fully fund the NATO infrastructure account. Besides being a highly visible statement of our nation's support to the alliance, the account provides our contribution for construction of warfighting facilities for our forces; not only those in Europe but also U.S. forces which will reinforce NATO in times of crisis. Specifically, NATO infrastructure constructs, renovates, and restores airfields, naval bases, war reserve storage sites, petroleum facilities, and special weapon storage sites. Our contribution represents 27.8 percent of the total program and, in return, our forces receive direct and indirect benefits of approximately 50 percent of the program. (Indirect benefits are joint use facilities such as communication sites, warning installations, and war headquarters facilities.) Even with reduced forward forces the requirement for adequate reinforcement and warfighting facilities will continue.

Another reason for fully funding the NATO infrastructure account is the relocation of the 401st Tactical Fighter Wing (TFW) from Torrejon AB, Spain, to Crotone AB, Italy. The US and NATO need the 401st at Crotone. This fighter wing is crucial to maintaining deterrence in NATO's Southern Region. Its 72 F-16C/D aircraft provide counter air, ground attack and nuclear capabilities in an area short of state-of-the-art air assets. The 401st TFW represents a significant portion of NATO's third generation aircraft in the Southern Region. Departure of the Wing, in conjunction with removal of ground-launched cruise missiles from Italy, would eliminate the region's two most modern nuclear weapon delivery systems. While I support negotiated troop reductions in Europe, we need this unit on the Southern Flank.

While the previous table is useful as an overview of our request, I will discuss the individual projects in two major categories: Quality of Life and Mission Essential. The next table summarizes the MILCON programs in these two categories. Furthermore, in view of the difficulties in supporting this program I have worked the submission several times in order to cut it to the bare-bones minimum, and I now recommend that Congress fund 59 of my previously requested 66 projects. I have to say that this actually means that my commanders and I need more than we are requesting. The submission represents a very difficult decision for us. While we have not precisely identified all the installations which will close at post-CFE force levels of 225,000 Army and Air Force personnel in Europe, I assure you that the projects I am requesting will be at installations which will remain active.

FY91 MILCON FOR EUROPE BY PROGRAM

QUALITY OF LIFE CATEGORY

PROGRAM	AMOUNT REQUESTED	# OF PROJECTS
Barracks/Dormitories	18,955	6
Base Operations	16,592	6
Hardstands	13,100	2
Medical	51,820	8
MWR	6,300	3
Schools	75,379	10
subtotal	182,146	35

MISSION ESSENTIAL CATEGORY

PROGRAM	AMOUNT REQUESTED	# OF PROJECTS
Alter Munitions Storage Fac	9,710	4
C3	19,689	5
F-15E Aircraft	4,800	2
Host Nation Support	2,500	1
Training/Readiness/CMTC	23,793	9
Intelligence	18,983	3
Maintenance	15,240	3
Vilseck	15,600	4
subtotal	110,315	31
TOTAL	292,461	66

QUALITY OF LIFE

The Quality of Life category includes projects which affect the working and living conditions of service members and their families. As an operational commander, I am convinced that providing decent living conditions, adequate health care facilities, and good schools ultimately results in greater combat effectiveness.

Several MILCON programs can be categorized as either Quality of Life or Mission Essential. For example, while

I consider the hardstand projects to be in the Quality of Life category, these facilities will certainly enhance unit readiness by improving vehicle maintenance. Another example is the Base Operation MILCON programs. Revitalizing water distribution systems improves mission capability by providing reliable water pressure for flight line fire fighting systems. The six Quality of Life programs are as follows:

Barracks/Dormitories. Our submission to Congress requests funds for six facilities. Following CFE some U.S. troops will remain in Europe, and we have an obligation to provide decent housing for these young men and women.

The five projects for the Air Force correct totally unacceptable housing situations at installations where our forces will remain as long as a viable US Air Force presence is maintained in Europe. Especially important is the dormitory at High Wycombe, U.K. Currently, the only on-base quarters are three temporary facilities providing 24 substandard living spaces. Airmen use these facilities until permanent housing off-base is found. Local rentals are expensive--more than these young men and women can reasonably afford. Consequently, their finances are severely strained.

The dormitory situation at Lakenheath is somewhat better than that found at High Wycombe, but still highly unsatisfactory. However, the facility we want to revitalize was constructed in 1960, has poor insulation and sound attenuation, and has gang latrines. The electrical system is archaic and constantly malfunctioning because the system cannot handle the demand. As with High Wycombe, local rentals are expensive. The other three Air Force projects have similar strong justifications.

Base Operations. The budget submission requests funding for six projects.

The Post Office requested for Bentwaters, U.K. is sorely needed. It is an understatement to say mail from home is important when you are serving overseas. Currently, mail service at Bentwaters is conducted out of World War II quonset huts. The huts are expensive to maintain, but more importantly there is a shortage of 130 mailboxes, and space is not available to add the needed service. This shortage forces the troops to share boxes or to receive mail through general delivery. At first, this might appear to be just a small irritant, but living with it day in and day out magnifies the problem. An additional problem is the lack of mail storage and sorting space, delaying mail delivery during high volume times such as Christmas by as much as two days.

There are four utility revitalization projects in this MILCON program. The Water Storage and Distribution System for Hahn AB, Germany, illustrates the serious nature of all these projects. The Hahn water system is over 30 years old. The water flow is insufficient to support fire fighting equipment--this was proven during a warehouse fire in 1986 when insufficient flow and an inadequate water reservoir hampered efforts to extinguish the fire. The 30 year old system continues to break down causing expenditure of scarce manpower resources and operation and maintenance funds to repair.

The Water Distribution System project and the Sewage Treatment Plant at Spangdahlem AB, Germany, and the Incirlik AB, Turkey, Water Distribution System projects have similar convincing justifications. I want to emphasize that the Spangdahlem AB, Sewage Treatment Plant is a burdensharing project. The U.S. is sharing the cost of this project with the German government and with NATO to eliminate environmental and health hazards.

Hardstands. This MILCON program provides minimum construction to maintain the Army's tactical fleet. Facilities are either concrete slabs or three sided, unheated sheds. These projects affect a unit's mission capability, but I classify them in the Quality of Life category: our troops should not be forced to perform maintenance on sophisticated multi-million dollar vehicles while standing in mud, exposed to the elements.

In addition to improving the working conditions of the soldier, these projects will correct an unacceptable situation. Current practices of parking, maintaining, and washing vehicles on gravel or unimproved lots allow petroleum products to leach into the soil and ground water. This hurts the natural environment and increases costs of future cleanups.

Medical. We have a responsibility to provide adequate health care for personnel stationed overseas. Unlike the situation in the United States, many overseas locations simply do not have alternative sources for health care.

Eight projects were requested for Europe. The most urgent requirement is for the hospital at Vicenza, Italy. This facility supports forces stationed in northern Italy, Greece, and Turkey. Force reduction plans will not significantly affect the size of the population served by this facility. The existing building is 31 years old and cannot meet the standards of the Joint Commission on Accreditation of Healthcare Organizations. Deficiencies abound: the emergency room consists of one room where both diseased and injured patients are treated, there is not one public toilet which is accessible to the handicapped, and the ventilation system is in direct violation of National Fire Protection Association codes and the Life Safety Code.

The Aeromedical Evacuation Logistics Facility requested for Rhein Main AB supports peacetime and wartime operations. This facility will provide a patient holding area sized to accommodate 20 litter and 60 ambulatory patients and a storage area for operational supplies. Currently supplies are stored in a dilapidated 1948 wood frame structure which can accommodate only 70% of the needed supplies. Patients are forced to wait in ambulance buses and in the hallways of the squadron administrative building. With the coming closure of installations, we project the requirement for shuttling patients among remaining health care centers will most likely increase.

Fleet Hospital Number 14 will provide a storage facility for a 500 bed Deployable Medical System contingency hospital prepositioned at Lanark, U.K. The hospital will allow full treatment of casualties within 8-10 days of mobilization. There are no fleet hospitals now in the United Kingdom.

I will touch briefly on the need for three more medical facilities. The Medical/Dental Clinic requested for Edzell, U.K. will replace a building constructed in World War II. Edzell is in a relatively remote area of Scotland and because of the poor facilities, troops stationed there may conclude that they are receiving inadequate health care. Similar to Edzell is the Medical/Dental Clinic requested for Sinop, Turkey. The existing facility was constructed in 1962 to serve 200 people. It now serves 1,000. Civilian medical support is severely limited. The nearest U.S. medical facility is located over 500 miles away at Incirlik Air Base--a two hour flight by air medevac or a 12 hour drive by ambulance. Finally, the Consolidated Health and Dental Clinic at Erlangen, Germany, will replace a World War I corrugated steel building.

Morale, Welfare, and Recreation. Overseas communities must provide services normally available in CONUS through local governmental agencies and private concerns. Language barriers, cultural differences and currency fluctuation limit interactions off post with host nation businesses and activities.

I seek your support for the gymnasium projects at Bitburg AB, Germany, Alconbury, U.K., and Mildenhall, U.K. The problem with each of these is that the existing facilities are simply too small to support the current and anticipated future population--especially given the increase in female personnel.

Schools. The quality education of dependents overseas is a crucial concern of military families; the DoD Dependents School system must maintain educational programs on a level equivalent to good stateside standards. One of the keys to quality education is adequate facilities. The ten school projects requested for Europe are badly needed and are programed for installations which we plan to retain and where the military population will remain stable. I will discuss only one project in detail, as all ten projects have similar valid justifications.

I strongly urge you to fund the Atterberry Elementary

School Addition at Frankfurt, Germany. The existing elementary school has only one adequate permanent classroom building with a capacity of approximately 400 students. Present enrolment is 842. Six inadequate buildings are being used on an interim basis to accommodate the student load. These temporary structures were never designed for use as school facilities and are beyond economical repair due to age and deterioration. A remotely located building is used for special education functions and kindergartens. There is no kitchen to cook hot lunches.

MISSION ESSENTIAL

The Mission Essential category includes projects which directly affect the warfighting capability of forward deployed forces. I will review eight programs.

Alter Munitions Storage Facilities. The budget requested funds for four munitions storage site alteration projects. These facilities directly contribute to the storage and security of munitions. We need funding only for the Incirlik, Turkey project. NATO will reimburse us.

Command, Control, and Communication (C3) Facilities. C3 facilities are absolutely essential for the timely and accurate employment of forces.

The reduction of forces will have little impact on Naval operations in the Mediterranean. The Receiver Facility at Sigonella, Italy, and the Operations Building Addition at Rota, Spain directly support Sixth Fleet operations in the Mediterranean.

The Satellite Communication Terminal at Chicksands, U.K., and the Upgrade of Operation Facilities at Marienfelde, Germany both support essential command and control requirements within the theater and are integral parts of the worldwide U.S. defense communications network. Finally, the Communications Control Center requested for Rhein Main AB, Germany, supports military airlift operations at the largest military terminal in the Department of Defense. The reliance on reinforcement becomes more important with fewer troops in Europe.

F-15E Aircraft Facilities. With a smaller ground force, air support assumes a more prominent position within our strategy. We need the Field Training Detachment Facility to house the equipment used to train maintenance personnel and the Conventional Munitions Shop to perform maintenance, assembly, and testing on live munitions components in direct support of the F-15E flying mission.

Host Nation Support. Funds for this program support the U.S-Germany Wartime Host Nation Support Agreement signed in 1982. The agreement requires Germany to supply U.S. forces with combat support and service support forces. Facilities required to implement this agreement are funded by NATO, Germany, and the U.S. The funds requested for FY91 pay our share of the costs. This program is a burdensharing success story.

Intelligence Facilities. Determination of an adversary's intentions, warning time, and decisions to mobilize forces all require realistic, accurate intelligence. As with training and air superiority, the importance of intelligence activities will increase in the coming decade.

Especially important is the Joint Analysis Center (JAC) at Molesworth, U.K. The JAC is the central element of the U.S. European Command (USEUCOM) and Allied Command Europe Interface Architecture. As such it is our primary intelligence support center. It will provide multi-source, strategic intelligence to the SHAPE Command Center, HQ USEUCOM, U.K. Air, and other major NATO

Commands. Also, it will be a survivable, U.K. based facility serviced by Theater and National intelligence connectivity essential to providing assured support to all Theater contingency missions. Tied in with the Joint Analysis Center is the Tactical Analysis Center, also at Molesworth. This project will construct a secure area in an existing building to house automated data processing for key Theater imagery intelligence systems.

Relocatable-Over-the-Horizon Radar (ROTHR) funding is needed to support bilateral agreements where U.S. MILCON funds are a small percentage of the overall construction cost. The United Kingdom will fund approximately $11 million for equipment installation and associated facilities while the U.S. will pay $1.7 million. ROTHR will satisfy the requirement for broad area over-the-horizon surveillance and tactical forces support in the North Sea and Baltic Sea regions.

Maintenance Facilities. I ask for your support of the three maintenance facilities requested for FY91.

The Guided Missile Quality Assurance project at Kaiserslautern, Germany, directly supports the U.S. and NATO concept of Follow-on-Forces Attack (FOFA). FOFA influences close battle force ratios by delaying, disrupting, diverting, and destroying uncommitted enemy forces before they engage friendly troops. This project will enable U.S. forces in Europe to recertify, modify, and repair the Army Tactical Missile System. This facility is needed in Europe because it is too expensive to return the missiles to the U.S.

The Navy's two maintenance projects for Sigonella, Italy, are needed to support carrier aircraft assigned to the Mediterranean. All Navy carrier-based aircraft require protection from salt corrosion. Aircraft must be periodically stripped, corrosion blasted and cleaned, and finally repainted. There are no existing naval facilities for adequate corrosion control of naval aircraft in the entire European area. The Engine Maintenance Shop Addition is needed because the construction of an additional aircraft maintenance hanger has increased the number of aircraft being serviced at Sigonella.

Training/Readiness. Adequate training assumes a greater role with reduced troop strength. Nine projects are requested for FY91.

Five of the projects are for the Combat Maneuver Training Complex at Hohenfels, Germany. This training area is the only major maneuver area available to U.S. forces in Germany for battalion-sized combined arms training against a dedicated opposing force. This concept has been accepted as an efficient and highly realistic program of the kind currently in service at the National Training Center at Fort Irwin, California. The five projects requested (Opposing Force Hardstand, Education Center Addition, Police Station Addition, Library Addition, and Fitness Center) provide essential facilities for opposing force personnel stationed at Hohenfels. As long as battalion-sized ground units remain in Europe we will need and use the Hohenfels complex.

Two of the remaining four training projects are for the range at Grafenwoehr, Germany. The Simulations Networking Training Facility will install 72 vehicle simulators and 16 computer emulators that will allow battalion task force personnel to conduct field operations. This facility will help alleviate training shortfalls, environmental problems, and local community complaints. The Pave Tank Trails project makes sense from an economical standpoint. Existing tank trails are gravel surfaced. During FY88, 537,253 tons of crushed rock together with 18 graders and 20-25 dump trucks were needed to maintain the trails. Asphalting them will eliminate purchasing the gravel, free up the heavy equipment for other jobs, and resolve a dust and water problem with the local community.

The Tank Crew Combat Course at Giessen, Germany, will provide a training range capable of supporting an armored division's 700 Bradley and Abrams combat vehicles. Currently, the site is undeveloped. Construction of hard surfaced roads, battle positions with pads, and a drainage system will eliminate erosion, drainage problems, and time lost due to vehicles mired in mud.

The last training project is the Firing Range at Roman Hill, Germany. Most of the Army's rifle ranges are pre-World War II sites. These ranges, originally built in rural areas, have now been surrounded by urban development, public roads, and recreations areas due to the massive development in West Germany since World War II. This upgrade project will provide safe and adequate facilities for M16 rifle, Squad Automatic Weapons, and M60 machine gun training.

Vilseck. In order to take advantage of the best beddown locations for our Army attack helicopters we are relocating a mechanized infantry brigade (5 battalions) from Illesheim, Katterbach, and Nuernberg to Vilseck.

The relocation of the brigade will permit fielding of three attack helicopter units at Illesheim and Katterbach. The reuse of existing aviation facilities at Illesheim allows earlier fielding of the helicopter units, and the forward relocation of the infantry brigade improves their positioning in relation to wartime employment. As long as ground fighting forces remain in Europe, Vilseck will remain active.

We are requesting Congress fund four projects for FY91. These facilities will complete the Vilseck program. The most important project is the Vehicle Maintenance Facility for one of the armor battalions. Justification is the same as described earlier for the hardstand projects. The Chapel, Fire Station, and Multi-Purpose Auditorium are needed to service the increased population.

I appreciate the opportunity to appear before this committee and present my views. My central theme has been that in these times of change that offer us both great opportunities and risks we must proceed with stability and vision. I look forward to working with you so that we can do just that.

Mr. **Hefner**. Thank you.

I understand Mr. Edwards has to leave for a meeting at 2 o'clock. In the spirit of good will, I am going to yield to Mr. Edwards for a good few minutes for whatever he has to say.

Mr. **Edwards**. Thank you, Bill.

It is really top level. I have to speak to a bunch of students.

Mr. **Hefner**. They live in your district, don't they?

Mr. **Edwards**. I hope so.

Mr. **Hefner**. You don't have any votes here.

REUNIFICATION OF GERMANY

Mr. **Edwards**. I just what to ask one question, gentlemen. I was at a conference recently on U.S.-Soviet relations. I participate in these a couple of times a year. During the discussion two of the—we have not only some Members of Congress, but some European Parliamentarians and Soviets. Two of the Soviets who were there were in agreement on one thing. That is that while Gorbachev is quite strong, he doesn't have any real pretender to his power at this moment, that's the one thing that really could bring him down, because it would be the one thing that the Russian people could not tolerate, was not Lithuanian, not Latvia, but the reunification of Germany under NATO. They were concerned that if Germany came back together and this united Germany was now part of NATO, that would be seen as such a defeat for Gorbachev's policy that it would, in fact, threaten him.

I was curious as to what you see for the role of Germany. It is obviously going to be a reunified Germany, going to be very strong militarily. Where are they going to be?

Are they going to be part of NATO, part of NATO, part of a non-military NATO? Are they going to be a neutral force? How do you envision that?

Mr. **Hadley**. There are, of course, the discussions over the weekend between the President and the Chancellor. I think, as I understand, what came out of those was an agreement that it would be a reunited Germany that would be a full participant in NATO. But, there has been an effort, and I think that is because of a feeling that the collective defense arrangment, which we referred to, is important for giving everyone in Europe some reassurances about their own security situation.

We think that affiliation actually helps the reunification of Germany. There is an effort being made to give reassurances to the Soviets.

That is why their formula has been reunify Germany in NATO, but NATO doesn't extend its line forward into the GDR. That is what they have been talking about, and the Chancellor indicated there would be Soviet troops in the GDR for a period of time.

So, I think it is a balance that is being sought. This two plus four form is a way to get the balance. Our view is that we think there is a way to both meet the Soviet security concerns and satisfy them that really everyone would be better off if a unified Germany was in NATO.

General **Galvin**. Let me comment further on it. If Germany came in with the Eastern part as a demilitarized zone or if it had its own East German territorial military there, there would be precedent for that. In the northern part of Norway, (Finmark), there are no NATO forces but Norway is a part of NATO.

When you go back and look, in fact there is a lot of precedent. All of the countries that have come into NATO, including the United States, have come in in 1951 or later on, like the Spanish, with their own ideas of how they are going to do it. The Spanish don't put their military into NATO. The British wanted to make sure they kept the Channel as a command. Denmark doesn't have nuclear weapons. Turks don't have NATO forces. The United States said they wanted the SACEUR to be U.S. NATO said, okay, first time around maybe. It has been that way ever since. There is a lot of precedent. The other thing is would it work strategically in terms of NATO strategy?

The answer is yes. It is flexibile enough, versatile enough to meet a new situation. Instead of defending along the old boundary between East and West Germany, the forces would have a plan to either move into East Germany in a meeting engagement if that were necessary or to be in reserve areas where they are basically now and act according to the situation.

Mr. EDWARDS. Thank you.

RELOCATION OF THE 401ST TACTICAL FIGHTER WING

Bill, thank you for letting me go ahead.

Mr. HEFNER. General, I want to give everybody a chance to ask questions. I have just a comment here that I am pretty sure you are aware of.

As you spoke about the 401st Wing, that is going to be debated extensively this year, I won't argue with you. I think there is a perception, I hope it is not a mass perception, but that the threat has been diminished and will continue to decrease. There are two basic reasons why the Congress will take a look at this. First of all, it is something we have been talking about in this committee for a long, long time, burdensharing. Two years ago we mandated that construction be paid by NATO Infrastructure funds, and not be funded unilaterally by the United States.

We understand that times have changed, and we don't want to be perceived as cut and run. But, if the Crotone base is important to our allies, there are going to be those who would say that other countries should foot the entire bill for the military construction. That way, down the road if we see reason to vacate Crotone, we won't have that tremendous investment.

Secondly, my point is, it is going to be hard to explain to constituents at home that the Secretary of Defense wants to close bases in the United States, but build a new one in Crotone. We mentioned this with regard to the Philippines and Korea. If you put it to a vote, there is no doubt in my mind how the people would vote if they were given a vote.

The Secretary's decision announcing new candidates for base closures was very, very bad timing. We know the costs are going to have to come down. It is going to be very tough this year to convince the Congress to spend $400 million for a new base in Italy. That is just the politics of it. It cuts across party lines.

Four hundred million dollars is a substantial amount of money, as you well know. I just want you to know that it is going to be a very tough sell. I am not so sure that even the Members on this committee would have the courage and the discipline to spend $400 million this way, given the fact that there are so many bases to be closed. It is going to be a very tough sell.

I just want to let you know that up front, that we have problems with Crotone.

General GALVIN. I know it will be a tough sell, Mr. Chairman. I do think when you take a look at what this means, I talked about it in one sense, if you look at the Mediterranean today and you think about the way the forces are going to come down. If I had two wings in Europe, I would put one of them on the south flank at Crotone. It means the U.S. has, instead of a base in Spain, which is a way over the western edge of the Mediterranean with not a lot of relevance to places that we all know are volatile areas, one which is much closer to potential flash points.

We have moved half way across the Mediterranean into the bottom of the boot of Italy, which is centered in the Mediterranean, with a base capability of 72 fighters. That, in terms of our ability to do anything in that part of the world, is of very great significance.

I think we have to be very careful about the sensitivity of all of that. But, also, we are, in fact, much, much better off than we were having the base at Torrejon.

Your are right, it is going to cost in the end over $700 million, of which we have to pay a total of about half. Twenty-eight percent is our part. Remember, the Germans have to pay 27 percent, the British pay 12 percent, and they don't get to use the base.

What we are getting is a place for U.S. forward deployment of combat power at a little bit less than half price. If you think combat power on the U.S. side is important to that part of the world, you couldn't have a better deal than that.

Obviously, the main reason it is there is NATO. That is why NATO is paying the other half. We did recognize, when the arrangement was made, that NATO infrastructure funding is for bare base. They don't put funds out for some other things that we want, like good quarters for people to live in and so forth.

So we said, okay, we will do that part of it. We even got a good deal on that. We have a 10-year payback at no interest or inflation to us on that portion. That is for the housing. So I agree, but I think that the 401st is, in view of the fact that we are going to lose a lot of capability in the arms control arrangements and in view of the fact that the Mediterranean is volatile and weak, a powerful stabilizing force that should be there.

Mr. HEFNER. I am not being argumentative, because you are a military expert and you know that. But I am just telling you the politics of it. And given the budget constraints that we have, it is going to be very difficult to sell.

We just have a real problem. There is probably no reason for us to continue to talk about it. I just want to let you know that it is going to be a very, very difficult problem, along with a lot of other things that are going to be difficult, too.

I have some other questions. I want to try to give everyone a chance here.

I will yield to Mr. Alexander.

POST COLD WAR DEFENSE POLICY

Mr. **Alexander**. Thank you, Mr. Chairman.

Mr. Hadley, welcome.

General Galvin, so nice to see you again. Sorry I missed your opening statement.

My questions will be general in nature, since I don't pretend to be a military expert.

I am, like the Chairman and other Members of this committee, caught up on this same change of political calculus that affects us all that results from the collapse of the Soviet empire. Granted, they have all the hardware if their policies are changed.

But for 45 years the centerpiece of our defense policy has been based upon the perceived threat to us from communism and the Soviet Union. The perception today is that the biggest threat to communism is in the Soviet Union, not to us.

There are very few holdouts around the world that champion the teaching of Marx and Lenin anymore. So, we are going to have to change our strategy.

What do you think and how long do you think it would take for us, in a comprehensive way to formulate a post-Cold War era defense policy? Perhaps I should direct that question first to Mr. Hadley since he represents the Administration.

Then I would be pleased to hear from you, General.

Mr. **Hadley**. I think we will do it slowly and incrementally. The problem is it is such a fast-moving train every week, it seems to change. The one thing you can say about the situation with certainty is that there is an awful lot of uncertainty, and it is going to continue.

So when you look—the scenario we always had is going.

Mr. **Alexander**. It is history.

Mr. **Hadley**. That is when you say what does history tell us. When you look at that it tells you Europe has been unstables, that it has had countries that have either sought their own security by building up their own arms or by alliances with NATO states.

What we have had since World War II is this collective defense arrangement. I guess where we come out is that is where you start. You look at the lessons of history and you see a collective defense arrangement where each nation depends on the whole for its security and for U.S. presence. That is the beginning point.

Mr. **Alexander**. Why is it the responsibility of the U.S. to defend nations in Central Europe against rising nationalism?

Mr. **Hadley**. It seems to me what we want to do is have a security system which allows that nationalism to work its way out in a way that doesn't cause people to resort to force and pull us back into conflicts like we saw earlier in this century.

I think it is—the view has really been that we need this collective defense approach, and the U.S. is really the glue that makes it work. The U.S. force has to be clear and the allies have to know we are there. That is the framework.

Mr. **Alexander**. Did you watch President Havel's speech last week?

Mr. HADLEY. No, but I read it.

Mr. ALEXANDER. It was a powerful statement. He said forces in Central Europe are beginning to come together in order to form a mutual defense policy which will eliminate the requirement for Americans to be there in the not too distant future or not too long or something conditional like that.

I think you are saying the same thing. The question I have is how long do you think it is going to take? You see we have to answer these questions to these voters out there who want more for their soybeans.

They want to patch the holes in the roofs and rebuild bridges that are falling down, and that sort of thing. Someone named the phrase "peace dividend" and they are ready to cash in on that.

Any enlightenment you can dispense this afternoon, I think, will be very useful.

Mr. HADLEY. I wish I were a fortune teller. I thought it was interesting in President Havel's comments who said it shouldn't be forever that Americans mothers have their kids in Europe. He also talked in terms, at some point in the future when Europe has taken responsibility of its own defense—and I think he even realizes that is some point down the road.

Mr. ALEXANDER. He wasn't talking about the day after tomorrow. We all realize that.

Mr. HADLEY. I think we need to move step by step. The guess is the President has tried to move us there. The President has proposed a 25 percent cut. That is a pretty big slice.

General Galvin?

General GALVIN. I also think we are in for a change. To start with, I have to look at the now situation. I talked to the Chief of Staff of the Warsaw Pact about a week ago. I said let me check something out with you.

I would say today that you have about 184 divisions on your ground force, of which about 114 could be aimed at the West, of which about 70 are pretty good divisions. You have built 5,200 aircraft in the past 10 years and 26,000 tanks. I went through a whole bunch of things like that with him. I said what do you think? Am I off base? Is that wrong? And he said, "Well, that is arithmetic. We can work this out at arms control."

I think what he meant was I could debate it with you on readiness or one thing or another. He didn't say, no, you are wrong on that. I still have to look at a force that is there.

If we go beyond that, I think we are going to find that when the Soviets start saying what they really feel they need to protect the Sino-Soviet border and all the rest of that, it is going to be a lot more than we are comfortable with.

In addition to that is this instability question, the volatility of the whole thing. You mentioned, in effect, the metamorphosis of an empire. How often have we seen that happen peacefully?

Mr. ALEXANDER. They are going to have to face it.

General GALVIN. You know, one of the things that keeps me awake at night is spinning out scenarios. These things just happen sometimes. Look what resulted from Sarajevo. There is more chance of that kind of thing happening than we have seen since about 1910. The other thing is what about U.S. leadership and influence?

I was saying today at lunch, we ought to fight for our influence and leadership as we come down in size. We ought to recognize that we are a stabilizing element all over. We can't back away from the fact that we are a superpower.

You put that together, the now threat and what is it going to be a little bit later. I think we ought to come down because my job is to deter war but fight it if we are going to have one. So the lower I can get the force, the better chance we have that a sustained deep attack can't take place without a lot of mobilization.

Then if we can control the force generation, we could get ourselves in a really great position.

You said what is the strategy? I think that you recognize that arms control is now part of our defensive strategy.

The military asked what happened at MBFR 14 years ago. Nothing, zero. We didn't have too much faith in arms control agreements then. Now I have a lot of faith in arms control. Take INF. We have had 41 inspections, they have had 35 on us. We put our officers together, talking things over, all the good things. Now we have start CFE, put that all together, sign it all on the dotted line, ensure that it's not reversible, lay it out there, actionable in case of violation, then we really have something we have never had. That is not a bad strategic look.

Then have the will to get there by coming down about the way that they come down. Then we get parity, which means we can't do it this year entirely or anything else like that, but we certainly can take the steps.

I guess my biggest message would be let's not move too fast like '45, '46 when we wiped out the U.S. forces and got them out of Europe on the point system and all that. Let's do this a way that we always are protected as we come down, but let's come down.

Mr. HEFNER. Would the gentleman yield?

We have got 10 minutes for a vote, and we have other Members. Would you like to just keep the meeting going and go vote and come back?

We will be right back.

[Brief recess.]

Mr. HEFNER. Mr. Thomas?

TRANSITIONS IN EUROPE

Mr. THOMAS. Thank you, Mr. Chairman.

Gentleman, it is good to have you here before the committee today.

General, you almost answered the very question I had that I was going to ask earlier. You mentioned the word "scenario" a while ago. I would be interested in your perspective, having had the opportunity to travel with you a few days after last summer and being in Europe with you, going up to Hamburg and meeting with that group in which I say you take some pretty tough questions for about three hours.

You described them as probably a group of intellectuals, business people, newspaper reporters, writers. I have often thought back to how just a few months ago certainly none of the questions I heard asked that day indicated to anybody an idea of the kind of dramatic things that have happened within months of that time. But, it has been dramatic. I just wondered, you touched on this briefly a while ago. If there is a scenario that really concerns you in this volatile time in Europe, the question is whether or not we will get on through the transitions that are in place or in the works, without serious blood letting, or without a possible wide-spread revolution in some of the countries. What is the most concerning scenario to you that might lead to that?

General GALVIN. I think those things are difficult to really get into in much detail because they are so sensitive. I would say of the center, the north and south flanks of NATO, once the Soviets back out of the Warsaw Pact nations and once the Warsaw Pact becomes more and more independent, you have picked up some degree of buffer.

Of course it is a very volatile buffer. You don't know how those countries will relate to each other and to the age old problems that exist there.

It is the south flank that is the most vulnerable. If you take the Turks, who have ——— problems on all sides of them with every one of those people and a great sensitivity to their own positions as not always accepted by everybody as being European. They have very great sensitivity about the Aegean and about Cyprus on the other side, so that they really have a sense of being beleageured and surrounded by troubles. Now have the Soviets for one reason or another move troops to the border in order to resolve an ethnic problem or a regional fundamentalism problem which then because of the force in the area, one thing can lead to another—I hate to even think of what could lead to what. But Turkey is a NATO member. Then what if Turkey appeals to NATO and says, I need help here? This is a NATO threat recognized by NATO documentation.

I have an involvement here. This is the kind of thing which has surprised us in the past. We were surprised at the Berlin Wall, Korea twice, we were surprised by Afghanistan, surprised by Prague, surprised by Hungary. When were we not surprised by the series of events which led to some crisis which then led to conflict?

I would say, as I said earlier, it looks sort of like 1910 when you look around—where you have people drifting back to old ideas. Every ethnic group in Southern Europe at one time or another has had a maximum expansion of its geography. Each one of those for years and years, right up to now in many cases, have thought that you draw that line, and that is where their borders should be. Except those expanded on everybody else's expansion.

Are those going to quietly stay under the rug where they have been because of Soviet pressure all this time? Are those things under the rug going to come out now? When they do, what does it mean to us? That doen't mean, of course, that NATO is going to get involved in everything that occurs. Our problem is that wars don't usually start by somebody sitting down and planning some big attack like Pearl Harbor.

Usually one thing leads to another. Even in the case of that plan you had a conflict for some time before that. That is as close as I could get to a scenario, but those things do bother me.

Mr. THOMAS. You made comments earlier when we were talking. You pretty well characterized your comments. You used the term counter in the expression you used. I guess what I am groping for is what Mr. Alexander asked earlier. I am often asked about the peace dividend and what our new defense policy should be. I think you characterized your feelings that we should be careful, know and verify the reductions we are talking about and respond in a very careful fashion. Is that the way you characterized what decisions we should be making as far as troop numbers and the other decisions we are going to have to make about a new policy in Europe?

General GALVIN. Yes, we have a vision of the way ahead. It is a good vision. We also know how to get there. That is the one where I say believe in them, but count them. Keep talking to them, keep trusting them, if you want, but count them all the time.

The other thing is keep your own capabilities at a level that does provide you a protected peace. That level, to me, is something around a parity of capabilities. That isn't just numbers. It is also force generation. One of my subordinate generals said to me, one who commands the whole Central Region, a German four star, he said, "I don't really need to know how to fight the war. I need to know who is coming and when. Tell me that."

He is right. We have to keep looking at that. If something started—I don't know how it is going to start. I have no idea. Neither does anybody else. If it does start, though, who is coming and when?

REUNIFICATION OF GERMANY

Mr. THOMAS. One other last comment and question. I want to pay you a great compliment on the way you handled the questions and issues. I thought of you here as a supreme allied commander as I watched you in that group.

There were people who had questions about our training maneuvers and other things we did there. I sort of assume today that the question of German reunification, seems to be a done deal. We are supporting that. Yet, I picked up from people that I have visited with there, some in Belgium and elsewhere, who were still very concerned about the possibility of German unification.

This country's position on that issue cost us our relations with other countries in Europe.

Is it a trade issue or will this depend on the kind of agreements we get with the kind of reunified Germany and what defense strengths are there?

General GALVIN. Maybe Mr. Hadley would be better at that.

I would say it is written into the NATO treaty about self-determination for the NATO members and for all nations. It is written into the German basic law, which is their substitution for a constitution.

When we had the Harmel report, a report we asked for in 1967 from a brilliant Belgian statesman, that report was laced through and through with the idea of self-determination and specifically, the unification of Germany. We all voted for that report.

I might turn it over to you.

Mr. **Hadley**. Two quick points. I think it wouldn't cost us if we do it right. That is why I think the President has been insisting that a reunited Germany has to be in NATO and the U.S. needs to continue to be there in Europe until the future situation clarifies. The reason he says that is precisely to reassure any anxieties that might arise from it.

Mr. **Hefner**. Would the gentleman yield?

Mr. **Thomas**. I would be happy to yield.

Mr. **Hefner**. In my view, I don't know any way for East Germany to make it unless they do have a reunification. West Germans are the only people who are going to step forward and have the wherewithal to help build. One thing you can always count on is the Germans are going to be Germans.

They are going to stick together. To my knowledge, they don't have the ethnic problems that a lot of the other countries do. Like you mentioned Turkey, and the Soviet Union. They don't have that much of a problem, do they? They have a lot of people come into work from different places, but they don't have the——

General **Galvin**. They have a large Turkish community, they have a large Spanish Community, workers who have come in. They are guest workers, but who are there to stay. It is not a major problem for Germany, no. East Germany couldn't stand alone, you are right.

Mr. **Hefner**. If West Germany, which is one of the richest countries in the world, if they weren't there to help the East Germans, it would be very difficult for them to survive; wouldn't it?

General **Galvin**. Yes. The West Germans would make enormous sacrifices immediately, and they are making them now, to bring East Germany back on its feet.

Mr. **Hefner**. You mentioned the President. They don't have to stay in NATO. We can't force them to stay.

Mr. **Hadley**. No, we can't.

One thing that has been encouraging is the Chancellor has made——

Mr. **Hefner**. I would like to see that. I am saying we could not force a unified Germany to be in NATO, could we?

Mr. **Hadley**. One of the questions yet to be sorted out is how Germany gets reunified. I guess the answer is that no, you can't force them to stay in. The Germans seem to want to do that, so hopefully the issue won't arise. I guess the answer is they don't have to get out. I think your point is right. Reunification is going to come because East Germany gets folded into West Germany. That is the way it is going to happen. I guess the real question is would Germany come out of NATO, take itself out of NATO as part of this two plus four negotiation.

Mr. **Hefner**. But, if I understand what you said at lunch and earlier, just because you are a member of NATO doesn't mean you can't have some special kind of force that you could use, police force or guard or whatever you want to call it?

General **Galvin**. That is right. A country that is a member of NATO is a voluntary member. The country commits to NATO whatever forces it deems it should. It has lots of forces that it doesn't commit to NATO. We have plenty of forces that we don't commit to NATO. You can't force Germany to stay in NATO. NATO is a powerful organization with plenty of influence with its members. So that Germany to get out of NATO would have to face the other 15 countries about the issue.

GREECE

Mr. THOMAS. Could I return just a minute?

This is a closed meeting. The press is not here. I make this statement because I want to ask you a question you might not want to answer. It is hard to believe I have a parochial slanted question here.

The State of Georgia, Atlanta being the biggest city is bidding for the 1996 Olympics. The vote will be made by the IOC members in the fall of this year. The sentimental favorite for the Olympics is to return to Athens, Greece. Certainly one of the questions on the minds of these Assyrian members has to be the question of the political stability of Greece in terms of hosting the Olympics. I wonder if you would say that Greece has stabilized or contributed to somewhat of a more volatile situation?

If you were an IOC member would you feel comfortable in going to Athens, Greece. That is my parochial question.

General GALVIN. Sir, I have three children—four children, excuse me. I counted wrong. I have four children, and three of them live in Atlanta. Actually, two live in Atlanta, one lives in Macon. For a Boston Irishman that is treason. You could see I could be very objective about this question. You know, as an American, I hope the Olympics are in the United States, and I think Atlanta is a wonderful city and certainly could host the Olympics.

Let me talk seriously for a minute about the Greek situation. I have observed the way that the political leadership in Greece and Turkey use the military to react to the fact that they have difficulties with each other. I see lately in Greek threats quite a bit of trouble. Again I would defer to Mr. Hadley. It is unusually tense, the relationship between Greece and Turkey, in the last couple of months. Both governments are not entirely strong. That is when tension usually rises.

Mr. HADLEY. The indications I have are the same. Also, I would just underscore the point that General Galvin made earlier. Politics in Turkey are not good. They see themselves very much beleaguered, left behind by NATO. That, I think, feeds a concern that they have with the situation. That is one of the reasons it indicates a pulling away from the southern flank at this point.

Mr. THOMAS. Gentleman, let me thank you again. I would again say in the context of these changing times, I think we have been very fortunate to have you at the head of NATO. We are glad to have you here with us.

BASE CLOSURE OVERSEAS

General GALVIN. Thank you.

Mr. HEFNER. General, it was mentioned that perhaps 50 bases will be closed overseas. You mentioned in your statement 50 land bases and 30 air bases in Europe. Will you comment on that or elaborate on it?

General GALVIN. Yes, sir, I said installations. They would not all be air bases. They would be communications installations and other things, too. The initial work that we did that I passed into the Secretary and to the Chairman of the Joint Chiefs had to do with ground forces. At the time that I mentioned those, it was 50. Since then we have also worked out the Air Force questions. That amounts to about 30 installations. Not all air bases, though the figures are going up.

Mr. HEFNER. When could we expect to see or can expect to see that list?

General GALVIN. I am going to turn in the force structure in about a week. Then it will go through the JCS to the OSD and then the Secretary of Defense will review it. I don't know exactly when I would get an approval.

Once I get that approval, in a very short time after I could supply to the Department of Defense my recommendations on the bases to close.

Now, somewhere in there we are going to have to coordinate this with the Germans. I would assume and certainly would try very hard to make sure that before it ever got released the Germans had a chance to say what they thought about it. You know, whether they had any objections to closures or anything else.

It is not going to be an easy thing to close bases in the United States and it is not going to be easy to close bases in Germany. There are local interests and there is a whole arrangement of who pays for the infrastructure that has been created on those bases over time, and so forth.

Maybe I better defer to Mr. Hadley. He probably has a better idea how long all that will take. I really don't know.

Mr. HADLEY. That is the process we would go through. We would obviously try and move it along quickly. But, we have told our allies very clearly that we would consult with them on changes that affect NATO. We would be obligated once General Galvin has his list.

Mr. HEFNER. Are you saying that any list would have to be cleared with members of NATO?

General GALVIN. Well——

Mr. HEFNER. Or the countries affected?

General GALVIN. There are documents within NATO that I think we ought to respect. Those that are specific about installations. What they say is that NATO will be consulted—but these things, Mr. Chairman, were arranged when people were thinking about maybe opening or closing one or two installations, not 30 or 40. I don't know exactly how that will work.

The documentation concerning bases to be closed goes to SACEUR first. He takes it to NATO and says does any other country have an interest in this base, and so forth. I think we will probably have more to do with a direct bilateral relationship with Germany and with the United Kingdom and other places where we will close bases.

We definitely need to keep NATO informed.

Mr. HEFNER. I think that is probably one of the criticisms we are going to get or are already getting from people that have got bases in their district here.

They weren't really consulted about their parochial interest on bases. They were hit first before there was even any talk about base closures in Europe. You are right. It is very difficult to close bases. The only person I know that has offered up a base was Pete Stark from California offered to close his base.

Certainly no one in our state advocated closure of bases. They are so critical to our effort. I am sure everybody feels their base is critical to efforts, it certainly is to their economy.

Mr. HADLEY. Mr. Chairman, I think the consultation is not that they are going to talk us out of closing the bases. It is a process of identifying a residual value so that we can get some of the money out of it.

Secondly, it is also a political problem. We have been pushing on our allies not to do things unilaterally, to do everything within the context of NATO because we don't want our allies doing some burden sheding. Politically we want to go through the process of having consulted with them even though we are going to go forward with the package.

Mr. HEFNER. Well, I guess politics is the same the world over. Germany has an election coming up in December?

Mr. HADLEY. They have a series of elections in December.

Mr. HEFNER. I am assuming probably we won't hear too much about base closures until after their elections?

General GALVIN. No, sir, I don't think that is right. My idea of the timing—and of course I am not the final say—but my idea of the timing is we are talking about a few months here at the most. As I said, next week I will have the force structure. We did a lot of what if's, as you can imagine, as we saw things coming along.

We already had done a lot of our homework. Once I have that force structure, I know where that force structure lives. Then I have the bases. It will not take a long time.

I do think that the process of negotiation will, because you have the vital questions that we have to deal with with the host countries. You have the economic questions of the local area, the work force. You have questions concering the amount of money that we have put into the base over the year to rehabilitate it. The Germans also have helped us with that twice. In the last 20 years the Germans have completely fixed many of our barracks.

One was a project called "Stem to Stern," the other was MOUSF. Those were extensive inputs of German money into these bases.

Long before that I think that we, I would imagine that the Defense Department would submit the public a list of bases.

Mr. HEFNER. Mr. DeLay?

KRASNOYARSK RADAR

Mr. DELAY. Thank you, Mr. Chairman.

It is a real honor to have you here, General, and be able to discuss some serious questions. I guess my questions are for both of you.

One is a small one I would like to get out of the way first. The Soviets, after many years of Members of this House and the Administration claiming that Krasnoyarsk radar was a violation of the ABM Treaty, finally admitted they have violated the treaty by building Krasnoyarsk. Reports also say that they may dismantle the radar. Have you heard anything about that?

General GALVIN. They have dismantled part of the radar already. There was a question as to whether they were going to delay further dismantlement. I believe the U.S. Government has put some more pressure on them, and the Soviets have gone forward with it. But I would say, sir, that is not in my bailiwick. I just know that from watching traffic pass.

Mr. DELAY. Mr. Secretary, do you know?

Mr. HADLEY. Yes, sir. That issue came up at the ministerial in Wyoming and again in Moscow. It was raised both times. Foreign Minister Shevardnadze said that he had said it would be eliminated completely. He meant it. We made clear in our view it meant that the buildings come down to the ground. He indicated that he understood that.

Thirdly, Secretary Baker made it clear that we needed to see some progress on that soon. I think he took all that aboard. It was a good exchange.

Mr. DELAY. Was there any mention about their mobile radars, the twin shops? Twin shop; is that right?

Mr. HADLEY. Pawn shop. That issue has not come up in that forum. That came up in the SEC forum.

DEFENSE OF EMERGING DEMOCRACIES

Mr. DELAY. General—well, you both can probably answer this. The emerging democracies, so-called—it is way too early to tell if they are really going to be democracies. But, what are they going to do for their defense, their own defense? Is there speculation as to what they will do? Surely they won't all become neutral countries.

Mr. HADLEY. That, I think, is in a way a very hard issue. One of the things they have said is they think that their forces can come down. At least several of them said their forces can come down. Interestingly enough, the Poles haven't announced initial reductions. That seems to me a bit of a pause until the situation with the reunification of Germany gets sorted out.

I think what—and I would also say that is a difficult question. Thinking is only getting strated on that. I think that is why we keep saying that this notion of collective defense works. That ought to be the core.

Now how you take collective defense is based on NATO and somehow expand that in a way that gives some assurance to East Germany as well without giving some anxiety to the Soviet Union is a real tough problem. The French think you do that through CSCE. I think one of the things you do is you do it through the kinds of arms control arrangements. I think the point is to get all the European countries to feel that they don't have to really—that they are not threatened and they don't have to somehow rely on their own strength or a shifting pattern in alliances because we know historically where that leads.

But, you know, that is one of the tough problems. That is a new frontier where we have not been before.

Mr. DELAY. In your answer, General, could discuss what is the force strength of East Germany? Isn't it huge?

General GALVIN. East German Armed Forces are, among the Warsaw Pact forces, probably the best ones outside the Soviet Union. They are a powerful force. However, as Mr. Hadley said, I get the same information from the Warsaw pact side. That is that they want to reduce their forces.

They want to nationalize their forces. These forces were dragooned up at the end of World War II and made into an ideological international form. The law that was laid down when the Warsaw Pact was formed was that the four-star general commanding the Warsaw Pact could mobilize the Pact without going to the legislatures of the countries. That law is still on the books, by the way, although it is not workable anymore.

What has happened here is the countries have been nationalized, pulling their armies home over the last couple of years. And the meetings that were held in Geneva with the heads of these military forces and Colin Powell the other people we sent, showed they were very independent now. They realize that with the economic situation the way it is, they have got to come down.

They don't see any reason not to because they are removing themselves from this pact syndrome that they have had, even though none of those nations have actually opted out of the Warsaw Pact.

Mr. DELAY. Two days ago the Belgium foreign minister broke NATO ranks and stated that the modernization of short range nuclear weapons in Europe could not take place. In light of the political events that are happening, General, do you see this public statement a threat to the security of NATO? What is the time frame for this modernization?

General GALVIN. In my nuclear weapons requirement study 1988, which was submitted the last part of 1988, I said we needed a balance of weapons, artillery missiles and air in the nuclear side in Europe. That was put before the North Atlantic Council in a ministerial meeting. The decision was a general statement of support about the study to say that we do need to have the nuclear support for the strategy and we need to keep it adequate and modernized.

It said we will postpone the issue of the missile itself until 1992, which was fairly clear that it meant to move it beyond the political environment of the moment and make the decision at a later time.

It picked 1992 because the United States had assured the alliance that the Lance itself, which is a '60's vintage, was still a good weapon up through the middle of the '90's. That is still where the thing stands.

Of course, every once in a while somebody fires a shot.

As far as I am concerned, as a military man I presented the picture to the leadership. Now they mix it with whatever view of the world and the alliance that they see, and they come back and tell me what the answer is.

Mr. DELAY. Do you have any comments?

Mr. **Hadley**. I would just add it was a hard issue last spring.

The alliance agreed to put it off until 1992. Heaven knows we have enough other things to work on in the interim. Let's just leave it there.

Mr. **DeLay**. Mr. Chairman, I think you and the other Members have probably covered more than I even wanted to.

Mr. **Hefner**. General Offringa, we will see you tomorrow morning. The Navy and Air Force, I guess, will have to wait until next week.

The committee stands adjourned.

Thank you, General.

Question. How certain is it we will have a CFE agreement this year? Do you expect follow-on talks for additional reductions that could lead to a treaty among NATO as well as Warsaw Pact Members?

Answer. I am increasingly confident we will have an agreement in the near future. We must not forget it will take both sides a substantial period of time to make the reductions required by treaty. The amount of equipment which will have to be destroyed, demobilized, or transferred will be quite substantial.

As the state of security in Europe increases, we and our Allies in NATO can determine whether follow on negotiations are appropriate. This should be an Alliance decision since the improved state of security will be, in large part, a result of past unity and commitment by the Alliance. Future improvements to European security and stability will derive from the same unity and commitment.

Question. Since the CFE talks began, there have been major changes in Europe to the point that Soviet troops have been requested to leave in certain countries. Do you see the CFE talks in any way legitimizing Soviet presence in Eastern Europe?

Answer. No. The CFE agreement will provide a *limit* on U.S. and Soviet forces in Europe; however, this limit will not require the Soviets to maintain that level of forces. Non-Soviet WP states will be free to ask Soviet forces to leave their soil. I am encouraged by the efforts of Warsaw Pact states which have already requested the withdrawal of Soviet forces.

Question. Have CFE talks been overtaken by events in Europe, or is there sufficient latitude in the talks to make changes?

Answer. I believe there is sufficient latitude for the negotiations to respond to changed situations. For example, combat aircraft and helicopters are now subject to negotiations, and that was not the case originally. The proposed levels of U.S. and Soviet troops in Europe have also been reduced over time as we have acknowledged new opportunities to lower the level of confrontation by lowering the level of forward deployed forces.

Question. Are Naval forces in any way part of the CFE negotiations?

Answer. NATO currently insists that land-based naval aircraft be included in the CFE negotiations, but the Warsaw Pact, to date, opposes inclusion of land-based naval aircraft. In accordance with the Madrid Mandate for the negotiations, ships and afloat Marines are not included. This is based on the assessment that the threat to security and stability in Europe is the ability of ground forces to seize and hold terrain. For this reason, the focus of the CFE talks should be on the capability to wage a ground campaign in Europe.

Question. Is the 401st Tactical Wing part of the CFE negotiations?

Answer. The 401st Tactical Fighter Wing currently falls within the area of application. Even following its relocation from Spain to Crotone, Italy, it will still be within the Atlantic-to-the Urals Region. Since the capabilities of the 104st will be required in NATO's Southern Region and throughout the Mediterranean, even after a CFE agreement, it is planned to be a major part of the U.S. residual force.

FORCE REDUCTIONS

Question. What is the basis for retaining 195,000 troops in Central Europe and 30,000 troops elsewhere? What type of threat justifies retaining this level of U.S. troops?

Answer. U.S. troop levels should not be justified by or compared merely to residual Forward Area-stationed Soviet forces. Under the U.S. proposal, the USSR could retain 195,000 troops in Eastern Europe. ——— As a result, the presence of a significant number of U.S. troops on European soil could be very important to our allies and to a potential aggressor as a means of deterring armed conflict. Such a force is large enough to demonstrate our resolve to defend Europe. Such a U.S. force is viewed by our NATO allies and the Warsaw Pact countries a highly stabilizing influence during a period of dramatic changes.

Question. Isn't it true that with less forces there is less opportunity for a sustained attack, as well as more warning time, and therefore, any real conventional threat will be greatly diminished by troop reductions?

Answer. ———.

DEACTIVATION OF TROOPS

Question. What is the Department's plan regarding deactivation of troops in Europe? Will they be reassigned Stateside or disbanded?

Answer. Units removed from Europe may be deactivated by being removed from the force structure. Personnel may remain in an active status, be placed in a reserve status, or discharged depending on the needs of the Services.

TERMINATION OF WARSAW PACT

Question. Will the United States demand a termination of the Warsaw Pact?

Answer. No, for at least two reasons. First, the Warsaw Pact has effectively disintegrated as a cohesive military alliance that the Soviet Union can depend upon. Second, demanding the disintegration of the Warsaw Pact could be interpreted to mean that the United States sees a parallel between the Warsaw Pact and NATO, which is not the case. NATO is a voluntary alliance. One of our major dissatisfactions with the Warsaw Pact system in the past was that it was not an voluntary association of independent states. States were not allowed by the Soviet Union to withdraw if they so desired. To the extent that nations are freely able to join or leave the Warsaw Pact this will eliminate one of our most important concerns about the Warsaw Pact.

FOLLOW-ON TO CFE

Question. Do you see a need to have a new treaty signed by all European countries before we can have a mass exodus from Europe? Is that what it takes?

Answer. First, we do not intend to have a "mass exodus" from Europe. We are talking about building down U.S. military presence in Europe in a logical fashion. This build down, however, does not include the total withdrawal from Europe. In our view an American military presence on the continent, including conventional and nuclear systems, will remain vital in promoting long-term European stability.

A signed and ratified CFE treaty is important. Only a signed, ratified, and verifiable CFE treaty can ensure that destruction of tanks, artillery and armored personnel carriers will occur in a legally-binding manner.

FUTURE ROLE OF NATO

Question. How do you view the future roles of NATO? For example, do you view it becoming more of a political organization that will be a forum for consensus for the West?

Answer. NATO has always been a political alliance—the politics of international peace and the politics of security. The Alliance is founded on shared commitment to political ideals and values. This political commitment has kept the Alliance together for over 40 years, even when we had diffeences over military strategy or force levels. NATO never has been and never should be a narrowly based military only alliance. Political and military interests work togethe and cannot be neatly separated. This is more true today than ever before.

Question. Do the Soviets feel threatened by the NATO alliance?

Answer. For decades Soviet propaganda has portrayed NATO as a threat. The rationale provided to Soviet citizens in support of that threat assessment did not reflect reality. We have tried to convince the Soviets that NATO, a defensive alliance of 16 democratic nations, with far fewer forces than the Warsaw Pact, does not represent a real threat to the USSR.

Soviet military leaders continue to refer to NATO as a threat, but others, including President Gorbachev, appear to have different views. There are segments of the Soviet population with access to diversified sources of information, and some of them find it relatively easy to recognize NATO for the purely defensive alliance it has always been. We have no reason to think that this group will not grow, providing that liberalization of information exchange continues in the Soviet Union.

SOVIET CHANGES

Question. (U) Could you briefly describe what changes are taking place in the Soviet Union in terms of Soviet strategy? Are they doing things to reduce the military spending? Are they developing a smaller and more modern force?

Answer. ———

Question. Is there a limit or time where Soviets will draw the line, or do you believe that things are so bad in the USSR that they will be offering other proposals for additional reductions?

Answer. This question highlights the tremendous uncertainty of the situation in Europe. Since we assess that the primary reason for the Soviets' eagerness to conclude a CFE treaty is economic and self-serving, if a treaty is not forthcoming relatively soon, the USSR will probably feel compelled to make additional unilateral cuts. However, Soviet military and hardline political pressure would build against such strictly unilateral moves. If a CFE agreement is signed and implemented, the possibility of additional negotiated force cuts exist.

Question. General Galvin, how are the CFE negotiations addressing the issue of war material stored in Central Europe?

Answer. POMCUS and war reserve material (WRM) will be permitted and are included in the proposed ceilings of treaty limited equipment (TLE) allowed within the Atlantic to the Urals (ATTU) zone of application. Specific ceilings for total holdings of TLE have also been proposed for sub-zones of the ATTU such as zone 4.4 (BE,NL, LU and GE) in Central Europe. POMCUS and WRM are to be counted as being in monitored storage.

Question. What is the U.S. position for assuring that such items will not fall into the hands of hostile third-world countries or international terrorists?

Answer. Those quantities of TLE in WRM which exceed ceilings will be destroyed or transferred under NATO or national plans. Existing laws and regulations adequately prevent transferred stocks from being inadvertently delivered to hostile third-world countries or international terrorists.

SOVIET DEMOBILIZATION

Question. As the Soviets pull back their troops from Czechoslovakia and elsewhere in Eastern Europe, do you think that they will have any domestic difficulty in managing a demobilization of this scale?

Answer. One should not assume the Soviet forces withdrawn from Eastern Europe will necessarily be demoblized. Some may be, and some may be redeployed in the USSR. The Soviets have indicated they are having problems finding jobs and housing for the approximately 100,000 officers being reduced as part of the announced 500,000-man reduction. The troops the Soviets have stationed in Eastern Europe include some of the elite of their professional military. Life for these privileged individuals is generally good, if not better, in Eastern Europe. Soviet authorities therefore face a problem in bringing these troops back to the Soviet Union. It is not an insoluble problem, but resources would have to be devoted to the solution.

POLAND

Question. It has been reported that Poland might welcome a continued Soviet military presence in order to assure the security of the German-Polish border. Would you care to comment on Polish concerns about a unified Germany?

Answer. I think we can safely leave the Poles to speak for themselves on these matters. We and the other WWII Powers (France, UK, USSR) have agreed that the Poles should participate in the Two + Four talks when border issues are discussed, and they will do so.

NATO NAVAL AND STRATEGIC NUCLEAR FORCES

Question. To what extent is NATO placing greater reliance on naval forces and on strategic nuclear forces?

Answer. The Alliance has always been dependent upon a balanced force structure—including naval and nuclear forces. We do not envision this changing in any dramatic way in the future. If we do obtain longer strategic warning times as a result of CFE and Soviet unilateral reductions and have more time to react to crises and destabilizing events, the capability to reinforce Europe by strategic sealift could become even more important than in the past. Strategic nuclear forces will continue to be an important contribution to European peace and stability. As President Bush has said: "The United States is not going to allow Europe to become safe for conventional war."

FUTURE ROLE OF NATO

Question. If the military need to NATO is greatly reduced over the next few years, what role will NATO assume?

Answer. NATO will continue to perform the important political and military roles that it has for more than 40 years. Obviously, as the military threat to NATO nations is reduced, the political component of the Alliance—an element that has always existed but sometimes was not always recognized by outsiders—will increase in importance. However, giving more emphasis to the political components of the Alliance, must not diminish NATO's commitment toward European security. As President Bush has said, "The enemy is unpredictability. The enemy is instability." Even with a build down in NATO forces, the Alliance will need to maintain a sound, collective military structure with forces in the field, backed by larger forces that will be called upon in a crisis. NATO should continue to be the major contributor to European peace and stability for the foreseeable future.

IMPLICATIONS OF UNIFIED GERMANY

Question. How do you see a unified Germany changing the balance of power in Europe, and in NATO?

Answer. Since the end of World War II, a major US and NATO goal has been the unification of Germany—i.e., ending the artificial division of Germany. Therefore, we view German unification not as affecting the balance of power in Europe but as fulfilling a more than 40 year old Alliance goal and objective. Nevertheless, we are not insensitive to the fact that some European states feel somewhat uncomfortable over German unification. Any concerns that Germany's neighbors may have, we believe, can be best met by having a unified Germany fully committed and integrated into NATO

GERMANY

Question. With concern about containing the Soviet Union fading, should we now be concerned about containing Germany?

Answer. No. The unification of Germany fulfills both a US and NATO historical objective. The Federal Republic has been loyal and reliable NATO partner for more than 40 years. We see no reason why this should change after unification.

WARTIME HOST NATION SUPPORT

Question. With all the changes in Eastern Europe, and with the imminent unification of Germany, why should we continue to fund the wartime Host Nation Support program, which supports German reserve forces?

Answer. First, the Wartime Host Nation Support program does not support German reserve forces. This program provides support for U.S. forces in Germany using German reserve forces in times of crisis of war. Germany provides up to 93,000 trained personnel organized into 176 support units and shares the equipping and housing costs of these required units. These units are organized for the sole purpose of supporting U.S. forces. The largest cost, facilities' costs, comes from NATO infrastructure funds with the U.S. and Germany equally sharing only that portion not eligible for NATO funding.

This program remains valid as long as there are defense ties with Germany because it facilitates any deployment of forces to Europe as well as any follow on operations. The MILCON funding, less than 10% of the total program cost, mainly provides unit storage facilities for U.S. owned equipment (although equipment is in the possession of German units). Since the appropriation of procurement funding has, for the most part been completed, it is important to complete the construction of the facilities.

Question. Is anybody considering expanding the program to include East Germany?

Answer. No. The Wartime Host Nation Support program is designed to provide support for U.S. requirements from FRG resources. There is no plan to expand that program.

SOVIET POLICY

Question. In a hearing last year with Mr. Armitage, he said that Soviet policy in Europe is to do the worst possible thing to us, and that is to take away the enemy. I said then, and it is still my opinion, that we are involved in a global public relations war with the Soviet Union. A year ago, we were worried that it might be tougher to get more burdensharing cooperation from our European allies, and now there are some who question whether NATO will continue to exist at all. What do you see as the current Soviet goals and objectives in Europe, and how has this changed the military threat?

Answer. Threat assessment is not an end in itself. It is a tool of rational military planning, and it is not dependent on some type of psychological appraisal of an "enemy". A nation as large and active around the world as the US has global interests, and must be prepared to protect those interests or risk the consequences.

Soviet goals and objectives can have some impact on threat assessments that we and our NATO allies will be making. Other facts will have more influence, however. Evaluations of military capabilities and opposing forces are more important than judgments about intention of other governments. In particular, Soviet strategic and conventional capabilities are of continuing concern.

The principal objective of Soviet foreign policy has been to promote the interests of the Soviet Union as defined by the Soviet leadership. The foreign policies by which Moscow has pursued Soviet security interests have varied substantially over the course of history. During the Brezhnev era, in the belief that the international "correlation of forces" had shifted in their favor, the Soviet leadership coupled a massive and sustained arms buildup with assertive and at times adventurous international policies. Since coming to power in 1985, Gorbachev appears to have decided that many of the policies of the Brezhnev era had proven counterproductive and too expensive. Soviet foreign policy has shown much greater tactical flexibility and initiative, and perhaps has redefined some security goals. Any new Soviet assessment of USSR security concerns in Europe is still evolving, however. We will be looking for the effects, particularly in the ongoing CFE negotiations.

CONVENTIONAL FORCES IN EUROPE

Question. It seems like the Soviet Union has spent the last year backing up. For example, it took less than a week for them to abandon a demand for equal troop ceilings in Europe, and to come around to conceding equal troop levels of 195,000 in Central Europe, but allowing 30,000 U.S. troops elsewhere in Europe. General Galvin, in your view, what is motivating the Soviets now in such military negotiations? Is it purely the condition of their economy? What other factors are in play?

Answer. We assess that the major Soviet motivation for their participation in conventional arms control negotiations is economic. The USSR apparently realized it was bankrupting itself trying to maintain a superpower status based primarily on military might. Internal unrest in the Soviet Union is probably another factor. The Soviets are refocusing their attention and energies inward now more than at any time since the end of World War II. At the same time, the Soviets have probably accepted the fact that NATO is not planning to attack the USSR, and as a result, massive conventional land and air forces are not required. The Soviets also hope to lessen the West European and U.S. perceptions of the Soviet threat by making significant conventional cuts, thereby opening the door for improved political and economic ties.

Question. Has the Warsaw Pact disappeared as a military threat?

Answer. ———.

Question. Do you think Soviet forces will be totally withdrawn from Eastern Europe any time soon?

Answer. We don't think even the Soviets know the answer to this. Although the Soviets have stated their goal is to have all their forces out by the year 2000, these withdrawals would reportedly not be all unilateral. Soviet forces will be withdrawn from Czechoslovakia and Hungary by July 1991, but we believe some Soviet forces will remain in East Germany and Poland for at least the near future. ——— We expect the Soviets to keep forces (possibly the bulk of their 195,000 limit) in East Germany for some time after Germany is united.

Question. Force reduction talks are an unstoppable juggernaut at this point. In your view, what are the essential capabilities that the U.S. must maintain in Europe?

Answer. The pace of arms control has been rapid, but that is the result of improving relations between the states of the two alliances. Acts by the Soviet Union that are contrary to the encouraging trends we have noted could serve to delay or disrupt arms control progress. Given the likely residual capabilities of potentially hostile forces throughout the European Command Area of Responsibility, the residual U.S. force should be a very mobile, modernized and capable force. Primarily, the force must be capable of deterring war and, if that fails, defeating hostile forces in conflicts ranging from low to high intensity. It must also possess sufficient intelligence and communications capability to detect and react to indications of hostile intent and have the capability to quickly and smoothy receive reinforcement.

BURDENSHARING

Question. European politicians are going to respond to their constituents, just like we do here. After all, that's what democracy is all about. But if the public in Europe starts saying "we don't see any bad guys about to come over the hill . . . where's the threat," it is going to be very difficult for us to get sufficient burdensharing. And then it will be impossible for us here to keep the levels we have now for construction in Europe. Don't you agree that we need to keep the pressure on our Allies to pay more for their share of the load?

Answer. Yes, in a post-CFE Europe, it will be important that our Allies carry a fair share of the burden of our common defense. In taking this position, I echo William H. Taft IV, U.S. Ambassador to NATO, who was recently quoted as saying: "Strengthening the NATO of the future will require the Alliance's European members to take a much larger role in providing the conventional forces necessary for protecting Europe. In crude military terms and economic terms, we expect more from the European allies than we have in the past." I believe our best mechanism to accomplish this goal is through the continuing efforts of NATO's Defense Planning Committee (DPC).

FORWARD DEPLOYMENT

Question. In the newspaper last Thursday, the Hungarian foreign minister (Gyula Horn) suggested that his country might be interested in joining NATO. Last Wednesday, President Valclav Havel addressed a joint session of Congress, and Lech Walesa addressed a joint session last November 15th. My point is that the old lines are gone. With the Iron Curtain, at least you knew where you stood, and now that is pretty uncertain for both the Soviets and ourselves. What does that mean for our military strategy of forward deployment?

Answer. The forward deployment aspect of our national military strategy is fundamental to U.S. global commitments and will remain valid. However, it is probable that as real threat capabilities are reduced, we could defend our interests and deter conflict with fewer forward deployed forces.

TROOP STRENGTH IN EUROPE

Questions. President Bush and Mr. Gorbachev recently agreed to troop strength of 195,000 for central Europe with an additional 30,000 U.S. troops elsewhere in Europe. Could you elaborate on this agreement? For example, how is "central Europe" defined, and where will the additional 30,000 troops be stationed?

Answer. Central Europe is defined as the Federal Republic of Germany, Belgium, Netherlands, Luxembourg, Denmark, the German Democratic Republic, Poland, Czechoslovakia, and Hungary. The 30,000 U.S. soldiers and airmen outside Central Europe will be based in the remainder of the Atlantic to the Urals region. The majority will be based on the United Kingdom, Spain, Italy, Greece and Turkey.

Question. Considering that the Warsaw Pact is for practical purposes not a threat any longer and that the chance of the Soviets launching a surprise conventional attack is highly improbable, why are we adamant at this time about not cutting troop strength further?

Answer. Major changes are certainly underway in the Warsaw Pact, and we are greatly pleased by those changes. They present opportunities for a much more secure and stable Europe. However, that promise is in the future, and until events prove that a security risk no longer exists, we must remain vigilant and maintain a credible deterrent. One goal of the CFE negotiations is to contribute to greater stability by limiting the capability of either alliance to stage a major campaign. Until that goal is achieved, a deterrent force will be required.

Question. Is it possible that further troop strengths can be bargained under the unbrella of CFE talks?

Answer. Yes, but we need to focus on achieving the best possible agreement concerning the proposals already tabled. The CFE talks can be used as the medium through which future reductions, linked to drawdowns by both sides, can be achieved in a rational, orderly fashion.

RESIDUAL VALUE OF OVERSEAS INSTALLATIONS

Question. It seems clear that the United States is going to realign troops and/or missions in Europe. If this involves vacating facilities built overseas at our expense, what is the procedure for negotiating with the host country for recoupment of residual value?

Answer. In most host countries, our bilateral agreements recognize that real property occupied by U.S. forces, including U.S. funded new construction, belongs to the host nation and is provided to the U.S. rent-free. Upon return, the U.S. is entitled to receive a payment for the residual value of the U.S. funded improvements made to the property. The host nation has the right to offset from residual value such things as damages caused by the failure of the U.S. forces to repair and maintain their facilities.

We have solid, well-tested procedures for negotiating residual value. The entail:

Joint inspection. In conjunction with host nation representatives, we conduct a joint inventory and condition inspection of the facilities proposed for transfer.

Residual value negotiations. Based on the joint inspection, each side determines its initial negotiating position on the residual value to be recouped by the U.S. The U.S. bases its going-in position on the depreciated value of U.S. investment in the facility. The host nation bases its going-in position on the potential use or resale value of the property to them. Residual value is a *negotiated* figure.

Memorandum of Understanding (MOU).—The results of the negotiations are formalized in a MOU, at which time the property is officially transferred to the host nation.

ECONOMIC BENEFIT TO HOST NATIONS

Question. Mr. Hadley, how many non-U.S. citizens does the Department employ in each of the NATO countries?

Answer. The answer is shown in the table below.

DOD FOREIGN NATIONAL DIRECT AND INDIRECT HIRES IN NATO COUNTRIES

Country	Foreign national direct hires	Foreign national indirect hires	Total foreign national
Belgium	11	951	962
Denmark	10	0	10
France	6	0	6
Germany	10	55,276	55,286
Greece	29	475	504
Greenland	0	0	0
Iceland	824	0	824
Italy	3,421	0	3,421
Luxembourg	0	0	0
Netherlands	10	433	443
Norway	50	0	50
Portugal	1,108	0	1,018
Spain	13	2,025	2,038
Turkey	372	0	372
United Kingdom	1,040	102	1,142
Total NATO	6,814	59,262	66,076

Source: Department of Defense selected manpower statistics, fiscal year 1989, Directorate for Information, Operations and Reports (DIOR).

Question. What is your estimate of the contribution of U.S. military personnel and dependents to the national economy in each of the NATO countries? To what extent will this be a consideration when the time comes to pick locations for troop withdrawals?

Answer. Overall, the approximately 340,000 active duty military personnel and their dependents in NATO countries probably account for about $12 billion in annual salaries, which would represent about $14 billion in ripple or multiplier spending effects. This would constitute less than 1 percent of the aggregate NATO GNP of roughly $5 trillion. Obviously, there are substantial inter-country differences. Over 247,000 active duty military are presently stationed in West Germany and account for about $8.6 billion annual salaries or about $10 billion in "multiplied" spending. This would be about 1 percent of West Germany's GNP. By contrast, military salaries are only about one-tenth of 1 percent of UK's GNP.

At host country area and community levels, troop withdrawals may have significant effects. But long-standing U.S. experience suggests that former military installations yield effectively to alternative economic uses in supplanting the military spending. Those community adjustment issues presently are not considerations in troop withdrawal planning.

RESTRICTIONS ON OPERATIONS IN EUROPE

Question. General Galvin, with the public perception of a decreased military threat, are legal and environmental restrictions increasing on the operations of U.S. forces in Europe—on things like low-level flying, live-fire exercises, and tank maneuvers?

Answer. Over the past few years, restrictions have been self-imposed, reached through mutual agreement with civilian and national authorities. These restrictions, maneuver damage, low-level flying, safety, et al., recognized environmental impacts of training and our respect and concern for the public. In view of the public perception of a decreased military threat and anticipated troop reductions, we can expect tolerance to decrease even further. We know the low-level flying issue is continuously being debated, particularly in central Europe.

Question. Have these restrictions reached a point where readiness is degraded due to insufficient in-theater training?

Answer. Combat readiness has not been degraded due to insufficient in-theater training. Years ago, we saw that the conduct of training in Europe would be more difficult. Thus, we are "training smarter" in view of known and anticipated constraints. At one end of our response, computer assisted exercises are being used more and more. Greater emphasis is being placed on the training of senior commanders and their staffs in their wartime operational roles. Command field exercises, a combination of command post exercises and field training exercises, are being introduced in which all command and control elements deploy, but with fewer troops in the field with less vehicles. At the other end, combined arms maneuver training at the Combat Maneuver Training Center sat Vilsek, West Germany, sustains our units through intense force on force battle simulations on the ground. So far, we have been able to change with the times. Although current restrictions are operationally acceptable, the potential operational impact of further restrictions is a concern and is assessed continuously.

401ST TACTICAL FIGHTER WING

Question. (U) Last Wednesday, we talked with Deputy Undersecretary Libby about the possible reduction of approximately five Air Force fighter wings. Why not just disband the 401st, bring the planes back, and forget about building a new air base at Crotone, Italy?

Answer. (U) U.S. Air Force post-CFE structure in Europe includes the 401st TFW. The principal consideration for maintaining the 401st TFW was the Dual Capable F16 aircraft. Construction of the new air base at Crotone is justified for strategic reasons. The Soviet Union Borders with NATO in two places, Norway in the north and Turkey in the south. The Soviets have made some reduction, but they are also modernizing, reorganizing and redeploying. ———.

LAND ACQUISITION, CROTONE

Question. What is the current status of land acquisition at Crotone, Italy?

Answer. On 19 February 1990, the Italian Minister of Defense signed the expropriation decree for an initial 464.5 hectares of land. Full legal ownership by the Italian government will not be complete until late summer, but the Italians have stated construction will not be stopped/delayed due to the legal process which must be followed.

ARCHITECTURAL AND ENGINEERING DESIGN WORK, CROTONE

Question. What is the current status of architectural and engineering design work at Crotone?

Answer. The initial runway and parallel taxiway project is design complete. Design of the airfield lighting, aircraft loops and pads, munitions area, and POL has started. The design effort for the maintenance facilities, supply and transportation facilities, military family housing, industrial support facilities, and operational facilities is expected to begin by 1 June 1990.

401ST TACTICAL FIGHTER WING

Question. What happens if Crotone is not ready to receive the planes on time?

Answer. U.S. military authorities in Europe are developing an interim basing plan for consideration by NATO. Options under consideration are those which would permit beddown of the 72 aircraft and keep at least part, if not all, of the 401st TFW aircraft and its headquarters in the Southern Region during the entire construction period.

Question. Has an agreement been reached to assure that the Crotone Air Base will not be available for civil aviation?

Answer. Joint civil-military use of Crotone continues under discussion by Italian and U.S. authorities.

CROTONE CONSTRUCTION SCHEDULE

Question. Please provide for the record a timetable for all construction at Crotone that is necessary to meet initial operational capability, including estimates of cost.

Answer. A construction schedule has yet to be developed. The Italians, as host nation, have responsibility for overall design, construction, and delivery schedule. They have recently engaged a central management architectural and engineering (A–E) firm to develop this schedule. A preliminary version of that schedule from Italy is not expected to be available until 1 August 1990.

Current planning calls for initial operational capability (IOC) to coincide with a completely constructed air base.

FINANCING THE CONSTRUCTION OF FAMILY HOUSING AT CROTONE

Question. Please describe for the record the current plan for financing the construction of family housing at Crotone.

Answer. This project will be financed and built through an interest free loan obtained from NATO, specifically the NATO Infrastructure Account. The loan will be paid back to NATO using service member's individual housing allowances as per the suggestion of the legislative language contained in the FY 90 Military Construction Appropriations Bill.

The Secretary of Defense is providing to Congress a classified report which will provide further details concerning the family housing construction at Crotone.

401ST TACTICAL FIGHTER WING

Question. What are the current plans for relocation of the 16th Air Force Headquarters and the MAC mission from Torrejon?

Answer. We plan to relocate the 16th Air Force within the Southern Region at a location other than Crotone and to establish a reduced MAC operation at Naval Air Station, Rota, Spain.

RELOCATING NON-401ST TFW TORREJON-BASED UNITS

Question. For Torrejon-based units other than the 401st, relocation has to accomplished by May 4, 1997. Will all military construction associated with these relocations be funded by NATO?

Answer. None of the military construction required for non-401st TFW units relocating out of Torrejon meets NATO eligibility requirements for NATO funding.

Question. Would you care to comment on the bill H.R. 3948, which would prevent the 401st from leaving Torrejon except to return to the U.S.?

Answer. The bill H.R. 3948 would prevent the U.S. from complying with its obligation under the U.S.-Spanish Defense Cooperation Agreement, including realignment and movement within Spain. With respect to the 401st TFW relocation to Crotone, the proposed bill would contradict the U.S. commitment to NATO and Italy to move the 401st to this new base.

PREFINANCING

Question. Provide for the record a list of all prefinanced NATO-eligible projects included in the fiscal year 1991 budget request, together with a separate list of budgeted projects for which precautionary prefinancing statements have been submitted.

Answer. There is one prefinanced project in FY 91 budget request—OTH-AF Alter Munitions Storage Fac Incirlik, TU—$3,700,000.

There are two projects for which precautionary prefinancing statements have or will be submitted to NATO. This will protect U.S. recoupment rights if NATO accepts as eligible for common funding at a later date.

OTH-Navy ROTHR (Facility Support) Brawdy, UK—$1,740,000.

DMFO Fleet Hospital S14 RAF Lanark, UK—$3,900,000.

Question. What is the total amount of U.S. prefinancing and the total amount of recoupments to date?

Answer. Total amount of NATO eligible projects prefinanced to date is $813,421,000. Total amount recouped to date is $574,714,000.

NATO ELIGIBILITY

Question. What is being done to expand the eligibility criteria to include more U.S. construction requirements under NATO Infrastructure funding?

Answer. The U.S. continues to seek expansions of the NATO Infrastructure program when it is economically beneficial. There are a number of construction requirements, such as barracks and personnel support facilities, that are not appropriate candidates for common funding based on an economic analysis. Recently, we have been successful in obtaining NATO funding for contingency medical storage, upgrades to nuclear weapons storage, and the storage associated with Wartime Host Nation Support. Currently, the NATO program is under review due to the recent political changes in Europe and an ongoing NATO reassessment of the threat. A number of projects have been deferred and only those projects that can be supported in the post CFE period (e.g. command and control) are being authorized. The U.S. has proposed that NATO common funding be considered for several requirements that will emerge following a Conventional Force Reduction Agreement. Included are NATO funding for CFE treaty compliance and verification, equipment transfer and destruction, and operating and maintenance costs for the storage of prepositioned war reserve material. With the reduction of in-place forces in Europe, there will be increased emphasis on reinforcement capabilities. In this regard, the U.S. is also proposing NATO funding for embarkation facilities in the United States for NATO-assigned reinforcement forces. In the absence of a negotiated treaty, a number of NATO decisions have been deferred; however, considerations of these new initiatives continues in Brussels.

SHARED COST PROGRAMS

Question. Is NATO sharing the cost of any construction projects outside of Europe?

Answer. Currently, there are a number of NATO Infrastructure projects underway outside of Europe. Construction is underway or planned at bases in Canada, Bermuda, the Portuguese Azores, and the United States. Although considered part of Europe, special note needs to be made of the extensive NATO construction program ongoing in Iceland. With few exceptions, all of the projects at these locations are in support of U.S. NATO-assigned forces.

Question. Provide for the record a list of any such projects located in the U.S.

Answer. The 1989 Infrastructure program included the following projects:

Naval Air Station, Jacksonville: aircraft parking—$1.9 million.

Naval Station New London: Advanced Weapons Facility, total cost—$12 million.

The 1990 program includes the following projects:

Naval Air Station, Brunswick: Aviation Ground Equipment Facility—$5.4 million.

Naval Station New London: additional increment to weapons facility.

The following projects are planned for the 1991 program:

Naval Weapon Station, Earle NJ: Replace trestle to ammunition piers—total cost—$85 million to be cost shared equally with NATO.

The following projects are planned for the 1992 program:

Naval Weapons Station, Yorktown VA: Missile storage—$4.4 million.

Naval Station Charleston SC: Missile storage—$4.7 million.

Naval Station New London: Degaussing Facility—$2.9 million.

COMISO, ITALY

Question. What is the current status of efforts either to locate a military mission at Comiso, Italy, or to negotiate with the Italians for payment of residual value?

Answer. A letter of notification, stating that the U.S. has no plans for the follow-on use of the entire installation at Comiso, has been forwarded to the Italian Minister of Defense. The letter noted, however, that the U.S. would be interested in using some of the housing and storage facilities should the Italian Government elect to keep the base open. The Minister of Defense was informed that the U.S. expects compensation for any of the U.S.-funded construction that would be used in the future by the Italian Government.

STATUS OF GREECE

Question. What is the current status of the Defense and Economic Agreement with Greece?

Answer. The current agreement has been extended until 20 November, 1990. Negotiations on a new agreement are underway. Round nineteen of the negotiations begin in Washington on 22 May, 1990.

NATO AND CSCE

Question. What are the similarities and differences between NATO and the Conference on Security and Cooperation in Europe (CSCE)? Could CSCE replace or supercede NATO, in your view?

Answer. A major difference between NATO and CSCE is that NATO is the only European security organization that governments provide taxpayers money to support. We support and encourage an increased role for European institutions in maintaining peace and stability in Europe. We believe that the CSCE process can contribute to enhancing Europe's future security. However, CSCE can not do it alone. CSCE can only be effective if there is an Atlantic Alliance to support the process. This is why we believe that no other European security institution on the immediate horizon can substitute for NATO. A stronger CSCE should not be viewed as designed to replace NATO. Rather it should reinforce NATO and, as President Bush has said "help protect democratic values in a Europe whole and free."

[CLERK'S NOTE.—End of questions submitted by Chairman Hefner.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Fazio to Mr. Hadley.]

Question. As our diplomatic missions increase, the need for augmenting support activities for our non-military operations and personnel overseas will also increase. Will the Department of Defense work with other departments to facilitate the transfer of excess property and equipment to support essential government functions overseas?

Answer. The closure of an overseas base is normally initiated with a notification letter to the host nation and followed by a public announcement. In this regard, there is close coordination with the State Department. Other U.S. government agencies with interests in specific countries are aware of the Department's intent to vacate a base and are afforded the opportunity to use existing facilities and equipment. As the United States does not hold title to any overseas real property, any proposed new mission by another U.S. agency would be subject to the approval of the host government.

Question. What procedures has DoD adopted in the past and what procedures might be adopted in the future to facilitate the disposal of excess property and equipment overseas?

Answer. In the European theater, where the largest force reductions are anticipated in the near term, a comprehensive set of procedures for closing bases has been established. The U.S. European component military commands are designated "real estate components" for specific geographical areas. The component commands are required to inform other Service and DoD agencies of the intent to release or transfer any facility or installation. Additionally, the real estate component must screen all in-theater U.S. agencies for possible use of any facility or equipment. DoD also maintains Defense Reutilization and Marketing Offices (DRMO) overseas. The local DRMO is responsible for the disposition of excess Defense Department material and equipment.

Question. Has any excess DoD property or equipment been transferred to other U.S. government agencies operating overseas.

Answer. Excess DoD equipment is routinely transferred to other U.S. government agencies through the Defense Reutilization and Marketing Offices.

[CLERK'S NOTE.—End of questions submitted by Congressman Fazio.]

WEDNESDAY, MARCH 28, 1990.

FISCAL YEAR 1991 FAMILY HOUSING PROGRAMS, OFFICE OF THE SECRETARY OF DEFENSE

WITNESSES

DAVID J. BERTEAU, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE [PRODUCTION AND LOGISTICS]

GEN. PETER J. OFFRINGA, USA, ASSISTANT CHIEF OF ENGINEERS

RADM DAVID E. BOTTORFF, USN, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND

GEN. JOSEPH A. AHEARN, USAF, DIRECTOR OF ENGINEERING AND SERVICES, OFFICE OF THE DEPUTY CHIEF OF STAFF [LOGISTICS AND ENGINEERING]

STATEMENT OF THE CHAIRMAN

Mr. HEFNER. The committee will come to order.

Today, we will consider the $3.5 billion request for military family housing. Our principal witness is Mr. David Berteau, the Deputy Assistant Secretary of Defense for Production and Logistics. He is accompanied by the heads of the service construction programs.

Gentlemen, you have each appeared before us in the past, and we have all of your prepared statements. They will appear in the record in their entirety. You can proceed with any of the points that you would like to highlight, and you can summarize your statements and proceed in any way you see fit.

STATEMENT OF MR. BERTEAU

Mr. BERTEAU. Thank you, Mr. Chairman. We'll do that.

I get confused going from one hearing to another. But I believe we agreed that I will just submit a very brief oral statement. Then we will just leave our statements on the record and go back to your questions.

Is that what we agreed to do?

Mr. COLEMAN. We were looking forward to some statements from you. [Laughter.]

Mr. HEFNER. You have thrown our strategy off. [Laughter.]

Mr. BERTEAU. We can summarize in one word or a hundred.

But, nonetheless, it is a pleasure to be here, sir. We want to thank the committee for its past support in our family housing efforts, which has been enormous and, as you know, has been a great benefit to us.

In fiscal year 1991, our request for the total Family Housing Program is about $3.4 billion. Within that, we've got $155 million for new construction, $260 million for improvements, about $1.2 billion for maintenance and repair, a little over $600 million for leasing, and the rest adds up to a total of $3.4 billion. Of course, as you well know, our policy is to provide excellent housing to all our military members, to their families and to the eligible civilians.

About two-thirds of those people live on the local economy in the local communities in their own houses using a basic allowance for quarters and variable housing allowance either to rent or in many cases to buy. Now, we do not really have a policy that encourages that one way or the other.

But about a third of our families who are not able to live in the local community live in our government housing units. We own almost 400,000 units. We lease another 31,000, and that leasing number is increasing a bit.

Our greatest need today, and you can see that reflected in the budget, is really to maintain and repair and improve the housing that we already own. We have about a billion-and-a-half dollars in the fiscal year 1991 request for those improvements, for maintenance and repair.

We also have construction of a small number of new family housing units, 1,250 of them. Over half of these are in southern California, which is clearly one of our greatest areas in need, 112 units in Camp Pendleton for $12 million, and 300 units in Long Beach for $25 million, another 300 units in the Navy at San Diego for a little over $30 million.

We have some funds requested in the new construction account for some family housing management offices, for community centers and for maintenance facilities. In the past, as you know, these were funded in the improvements account. This year, we have put them in the new construction account.

Under Section 801 we have the build-to-lease housing. We have about 4,500 units completed and occupied. We have 4,300 units under construction, and we have another 10,700 units authorized that are in various stages of planning and procurement, giving us an eventual total of almost 20,000 units under 801.

In addition, we believe that the changes made last year in the Authorization Act have finally fixed the last of the problems with Section 802, the Rental Guarantee Program. We are working with the Army on a project for Hawaii that we think is going to give us some success. The 802 authority is scheduled to expire at the end of the current fiscal year. As part of this year's military construction proposal we are asking for a year's extension on the 802 Rental Guarantee Program so we can demonstrate that it can work.

We have about 43,000 new and existing units leased overseas. Our request for $617 million is an increase of 25 percent in real terms for leasing over the fiscal year 1990 appropriations.

In some areas, that increase is offset elsewhere in the budget by decreases in personnel accounts. For example, that is the case with overseas housing allowances as well as with basic housing allowances. In almost all cases, overseas leases are not long term. This gives us great flexibility. While I would not have sat here last year and told you that was really worth a lot, this year we are very excited about the potential of being able to terminate leases in those places where maybe in a year or two, we will be leaving to come home.

We do have a legislative proposal along with our budget request for leasing an additional 1,225 units overseas. All are for the Navy. This will increase the current authority from 53,000 to slightly over 54,000 in overseas lease authorizations.

Mr. Chairman, let me stop there. We all know that excellent housing is a very wise investment for DOD. We do appreciate your continued support and the committee's continued support for that quality housing. We stand ready to answer your questions.

[The prepared statements of Mr. Berteau and Service witnesses follow:]

HOLD UNTIL RELEASED
BY THE COMMITTEE

MILITARY FAMILY HOUSING

STATEMENT OF

DAVID J. BERTEAU

PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE

(PRODUCTION AND LOGISTICS)

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

HOUSE APPROPRIATIONS COMMITTEE

WEDNESDAY, MARCH 28, 1990

HOLD UNTIL RELEASED
BY THE COMMITTEE

Mr. Chairman and Members of the Committee:

It is my pleasure to be here today to present the Department of Defense Family Housing request for Fiscal Year 1991. Major General Peter J. Offringa, U.S. Army; Rear Admiral David E. Bottorff, U.S. Navy; Major General Joseph A. Ahearn, U.S. Air Force; and Brigadier General Wayne T. Adams, U.S. Marine Corps are here with me and will follow my presentation with statements on behalf of their Services.

Our Fiscal Year 1991 request is for $3.4 billion, by line item as follows:

Line Item	($ millions)
New Construction	$ 155
Improvements	260
Planning and Design	15
Maintenance and Repair	1,239
Utilities	708
Operations	458
Leasing	617
Total Family Housing Program	3,452
Homeowner's Assistance	5
Total Request for Appropriations	$3,457

Our policy is to provide excellent housing to all military members, their families, and eligible civilians. We do this so service members can concentrate on doing their best work. We do it so they'll be willing to relocate their families to both isolated and high cost areas. And we need to continue to attract and retain talented people.

We normally rely on communities near military installations as the primary source of housing. About two-thirds of our military families live in the local communities. They receive a basic quarters allowance that helps pay rent or meet mortgage payments. They also receive a variable housing allowance that fluctuates with the local cost of living.

Our first choice is to have adequate allowances so service members can select their own housing. Some choose to buy and build equity and others choose to rent. Either way, it's a private transaction.

But in some communities, rental costs far exceed housing allowances. And some communities don't have sufficient housing to meet our needs. Sometimes the nearest community is too far away. And some service members must live right next to their work.

One third of our families who are not able to live in the local communities live in 427,000 units of government housing. We own 396,000 units and lease 31,000 units. Our greatest need today is to maintain and repair and improve the housing we already own. Much of our housing was built in the 1950's and has never had substantial renovation. Kitchen cabinets and flooring need to be replaced. Electrical systems need to be upgraded to handle dishwashers. Roofs need to be replaced. We need new heating systems, insulation and double pane windows.

Today's request includes construction of 1,249 new family housing units. Well over half of the new units requested are located in Southern California. We are requesting 116 units in Camp Pendleton for $11.8 million; 300 units in Long Beach for $25 million; and 300 units in San Diego for $31.9 million. This year we are also requesting funds for Family Housing Management Offices, community centers and for maintenance facilities as part of new construction. In the past, they were funded by the Improvements Account.

We do have options other than military construction to meet our housing needs. A few years ago, under Section 801, Congress authorized twenty year "build-to-lease" housing. Private investors build the units and run them just like government housing. At the end of the lease, the housing reverts to the builder. We only use this authority when we can lease for 5 percent less than we could build and own them. So far, we have 4,500 units completed and occupied. Another 4,300 units are under construction, and the remaining 10,700 authorized units are in various stages of planning and procurement. The current program authority continues through September 30, 1991.

The Army used the authority of Section 2667 to lease land to a private developer at Fort Ord. Fort Ord now has an excellent 297 unit apartment complex that operates just like offbase housing. The rents range from $478 to $709 a month for furnished efficiency, one bedroom and two bedroom apartments. This is a real bargain compared to the costs in the Monterey area. In the event of closure there is no government obligation to rent the units. In that case, the developers could rent to the private community around Monterey.

Another authority which holds promise is the Section 802 Rental Guarantee Program. Under this program, housing would be built by private developers for direct rental to military families. The government would provide the land at no cost, and guarantee the developer a 97 percent occupancy rate. After twenty five years, the housing would revert to the government. We've tried to make rental guarantee work for several years without success. We believe that the FY-90 Authorization Act fixed the problems with the statute and the Section 802 program will work now in high cost areas where government land is available. We're working with the Army on a project for Hawaii. The 802 authority is scheduled to expire at the end of the current fiscal year. We are asking for a year's extension so we can demonstrate how well this program can work under the FY-90 statutory authority.

Private programs don't always work. When they do, we get excellent housing at less cost and are able to reduce our requests for military construction.

The largest increase in the family housing request is for over 43,000 new and existing units leased overseas. The $617 million request is an increase in real terms of 25 percent from the fiscal year 1990 appropriations. This increase will pay for new leases coming on line. But the increase will be offset by decreases in personnel accounts in many of our overseas areas.

An example of the way the Department assists the service member is the "Government Rental Housing Program". Under this program, the German government allows the Army to negotiate directly with German landlords. We lease good housing at or below the service member's housing allowance. It works because everybody benefits. We keep the landlords' units fully rented and they know our credit is good. Service members are relieved of the risky and difficult business of negotiating for housing in a foreign culture. Housing costs are offset, reassignments go smoother, and service members do not have to worry about housing when they arrive overseas. Another important consideration is the leases are not long-term. Each lease expires when the soldier transfers which gives us flexibility in an uncertain environment.

The Fiscal Year 1990/1991 Defense Authorization Act increases overseas lease authorizations from 38,000 to 53,000. This would permit us to lease 19,200 Government Rental Housing Program units by the end of Fiscal Year 1991. The Army provided a status and cost effectiveness report to the Congress earlier this month. We've submitted a legislative proposal along with our budget request for leasing an additional 1,225 units overseas so the Navy can try a similar approach. This will increase current authority from 53,000 to 54,225.

I would like to thank the subcommittee for its past support. Excellent housing is a wise investment that improves the quality of work from our service members. I am dedicated to providing quality housing and we are using the most cost effective options available to us.

This concludes my statement. I urge your continued interest in providing the housing our military families need.

RECORD VERSION

STATEMENT BY

MAJOR GENERAL PETER J. OFFRINGA

ASSISTANT CHIEF OF ENGINEERS

DEPARTMENT OF THE ARMY

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

SECOND SESSION, 101ST CONGRESS

ARMY FAMILY HOUSING

AND

HOMEOWNERS ASSISTANCE PROGRAM

28 MARCH 1990

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS
SUBCOMMITTEE

MAJOR GENERAL PETER J. OFFRINGA

Major General Peter J. Offringa was born 30 January 1939 at Trenton, New Jersey. General Offringa is currently serving as the Assistant Chief of Engineers in the Office of the Chief of Engineers.

Prior to this assignment, he served as Deputy Director, Civil Works, Office of the Chief of Engineers, Washington, D.C.

General Offringa is a 1961 graduate of the U.S. Military Academy, West Point, New York, with a Bachelor of Science degree in Military Science. He received a Master of Science degree in Applied Science from the University of California at Davis in 1967. He is also a graduate of the U.S. Army Command and General Staff College and the Air War College.

He has held numerous responsible command and staff assignments, both in the United States and overseas. These major assignments include serving as Commanding General, Ohio River Division, U.S. Army Corps of Engineers; Senior Fellow, Executive Seminar in National and International Affairs, Foreign Service Institute, Rosslyn, Virginia; Director of Engineering and Housing, V Corps, U.S. Army Europe; Commander, 130th Engineer Brigade, V Corps, U.S. Army Europe; Faculty Member, Air War College, Maxwell Air Force Base, Alabama; Special Assistant to the Assistant Division Commander (Support), 2d Armored Division, Fort Hood, Texas; Commander, 17th Engineer Battalion, 2d Armored Division, Fort Hood, Texas. In addition to various Headquarters assignments, he also served as Assistant Division Engineer, 101st Airborne Division (Airmobile), Republic of Vietnam, and later Brigade Engineer, 3d Brigade (Separate), 1st Cavalry Division, Republic of Vietnam; and Assistant Professor, Department of Chemistry, U.S. Military Academy, West Point, New York.

General Offringa was assigned to the Chief of Engineers with duty as the Assistant Chief of Engineers in February 1988.

STATEMENT OF MAJOR GENERAL OFFRINGA

Mr. Chairman and Members of the Subcommittee. I am Major General Peter J. Offringa, the Assistant Chief of Engineers, Office of the Chief of Engineers, Department of the Army.

I am honored to have this opportunity to return this year and present the Army's family housing portion of the Military Construction Appropriation Request for fiscal year 1991. This is one of the most important programs in the Army budget. The fiscal year 1991 request continues our efforts started in prior years to improve the operational readiness of the Army while, at the same time, provide quality of life improvements necessary to attract and retain dedicated individuals to serve in the Army.

Adequate family housing continues to be one of our top goals. This budget request reflects the Army's attempt to provide suitable housing for our soldiers and to maintain the quality of the facilities entrusted to our stewardship. The family housing program provides quality of life improvements necessary to attract and retain dedicated individuals to service in the Army thus attempting to reduce the turbulence in recent force structure actions. The fiscal year 1991 family housing budget includes a request (TABLE 1) for $1,554,450,000 in appropriation, while an accompanying request for authorization is for the same amount, $1,554,450,000.

TABLE 1 - PROPOSED FISCAL YEAR 1991 ARMY FAMILY HOUSING PROGRAM APPROPRIATION SUMMARY

FACILITY CATEGORY	FY 91 APPROPRIATION ($000)
New Construction	15,000
Post Acquisition Construction	44,100
Planning and Design	2,700
Operations	214,184
Utilities	303,641
Maintenance	540,210
Leasing	434,316
Debt Interest	49
Debt Principal	250
TOTAL	1,554,450

HOUSING PROGRAM ACCOUNTS

The Army Family Housing budget request includes resources for a minimal new construction program, revitalization of our aging housing inventory, planning and design of future construction projects, and to fund the annual costs of operating, maintaining, and leasing housing units for military families. This request does not, however, provide adequate resources to bring all Army Family Housing units to current DOD construction standards. TABLE 2 summarizes each of the categories of the Army Family Housing program and the percent of the total request for each category.

TABLE 2 - ARMY FAMILY HOUSING
FISCAL YEAR 1991 BUDGET SUMMARY
FACILITY CATEGORY SUMMARY

CATEGORY	FISCAL YEAR 1991 APPROPRIATION ($000)	PERCENT OF TOTAL APPROPRIATION
New Construction	15,000	1.0
Post Acquisition Construction	44,100	2.8
Planning & Design	2,700	0.2
Operations	214,184	13.8
Utilities	303,641	19.5
Maintenance	540,210	34.8
Leasing	434,316	27.9
Debt Interest	49	*
Debt Principal	250	*

*Less than .1 percent

NEW CONSTRUCTION

Army policy directs that the first source for providing family housing will be the civilian community. The concept of the Variable Housing Allowance (VHA) supports this policy. The Army is executing two test programs approved under Sections 801 and 802 of Public Law 98-115 working with local communities. We are proceeding ahead to realize a successful Section 802, Rental Guarantee, project. We believe we will be successful since we are targeting this project to the higher graded soldier. However, at locations where off-post housing is not available, too costly, or substandard, the Army must take positive steps to provide adequate housing for military families. New construction is programmed only when these conditions exist and it is the most economical alternative.

In this budget our construction program has been reduced to our highest priority location, Hawaii. This construction project, 138 units, is for critically needed dwelling units on Oahu where off-post housing is scarce and expensive and continues an acquisition program that the Army started in 1988. Oahu is also the location we plan to execute a Rental Guarantee project.

POST ACQUISITION CONSTRUCTION

The Post Acquisition Construction program consists of whole house renewals and substandard upgrades to the current inventory to bring them up to contemporary standards and modernize obsolete systems. Due to the aging of our inventory, we must continue to place emphasis on this type work. In doing so, we will protect the government's investment and provide long-lasting benefits to our soldiers and their families. Our investment in family housing improvements is less in fiscal year 1991. However, over the past ten years, we have invested over $.8 billion in the housing inventory substantially reducing the requirements for some improvements such as air-conditioning and substandard upgrade.

Specifically, this request will provide revitalization to approximately 2,000 units at worldwide locations in fiscal year 1991. Included in the request are whole house renewal projects for 1,054 units in fiscal year 1991. The program calls for the air conditioning of 893 units in fiscal years 1991. Funding will also correct substandard housing conditions in 52 units in fiscal year 1991.

OPERATION AND MAINTENANCE

The operations utilities and maintenance programs comprise the majority of the fiscal year 1991 budget request, sixty-eight percent. The funding requested for these programs partially funds the Army's annual expenditures necessary to provide municipal-type services and utilities, to maintain the existing family housing inventory in order to protect the Army's investment, and to provide overall stewardship of the family housing inventory. This does not include deferred maintenance and repair (DMAR) work which was not completed in prior years due to insufficient funding. The fiscal year 1991 request continues programs which were in effect during previous years and provides resources for eighty-seven percent of our maintenance and repair requirements.

This budget fully funds the anticipated requirements for operations and utilities in fiscal year 1991. The request also continues funding for the installation, operation and maintenance of an Army-wide computer system, Housing Operations Management System (HOMES), which is improving many phases of housing management. Due to continued management emphasis and the impact of previously approved energy conservation projects, a reduction in energy consumption has been factored into the utilities request. A continuing objective of the operation and maintenance program is the improvement of living conditions for military families throughout the world by accomplishing the annual maintenance and repair of our inventory. However, this budget request will not accomplish all work which is needed to meet this objective.

DEFERRED MAINTENANCE AND REPAIR

Deferred maintenance and repair (DMAR) is that maintenance and repair work which was scheduled for accomplishment in a prior fiscal year annual work plan, but could not be accomplished due to insufficient funding. Foreign currency losses and fiscal constraints since fiscal year 1986 created funding shortfalls which resulted in the deferral of more than $330,000,000 of maintenance projects since that time. In the short-term, deferring projects is the least harmful way of meeting federal deficit reduction goals and paying for currency losses, but this deferral adds to the backlog of requirements and increases the rate of facility deterioration. We project the deferred maintenance backlog will increase to $833 million in fiscal year 1991 due to insufficient funding. This impacts severely on our overall program goals.

LEASING

Another way of adequately housing our military families is the leasing program. Our program includes domestic leases (Section 801 and temporary domestic), Section 802 rental guarantee housing, and foreign leases. The temporary domestic leasing program for fiscal year 1991 increases slightly due to the increase in leases for the Oahu Consolidated Family Housing Office pending the completion of new construction projects programmed to reduce the large deficit in this area. We have requested only $8,645,000 for temporary leases in fiscal year 1991. The Section 801 program requests $59,425,000 in fiscal year 1991 for an average of 4,330 units to be occupied during the year.

The largest growth in this budget presentation is in the foreign leasing program. For this program, we request $366,246,000 in fiscal year 1991 for an average of 35,147 units to be occupied during the year. This growth is due to the

Government Rental Housing Program (GRHP) in Europe. Under this program the Army leases directly with European landlords and pays all lease costs while our soldiers forfeit all housing allowances. The soldiers then stay in these leased units for their entire tour and are relieved of the high out-of-pocket expenses associated with living on the economy in Europe. We found that soldier morale is improved and there is no additional cost to the government since monies that would have been paid in housing allowances from the Military Personnel, Army (MPA) account are now transferred to the housing leasing account. Also, the GRHP leases will help in the orderly reduction of soldiers in Europe by providing flexibility to Commanders to shift leasing from location to location or cancel leases no longer required.

Our total leasing program request supports an average of 40,431 units in fiscal year 1991 to satisfy requirements in the United States, Europe, Korea, and Panama. These are our high priority locations where providing flexible family housing solutions is essential to improving the quality of life of our soldiers.

HOMEOWNERS ASSISTANCE PROGRAM

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. The fiscal year 1991 request is for $5,100,000 appropriation, while an accompanying request for authorization is also for $5,100,000.

This request was prepared and includes all known requirements prior to the recent announcement of possible additional base realignments and closures. The request also does not include any funds for the Base Realignments and Closures approved within Public Law 100-526 for which authority has been approved to transfer up to $31,000,000 from the Department of Defense Base Closure Account. The request will permit continuation of three known realignments at Air Force bases. Any additional base realignments or closures will incur an additional requirement in the Homeowners Assistance Program. Because of this possible requirement, flexibility to obtain needed resources would alleviate funding shortages. Included in the fiscal year 1991 legislative package is a request for authority to transfer monies from other available appropriations to the homeowners assistance program. Additionally, in an effort to reduce administrative costs of the program, the Army is studying the feasibility of using the private sector for administration of the program where cost-effective to do so.

SUMMARY

Mr. Chairman, in summary, the fiscal year 1991 Army Family Housing appropriation request is for $1,554,450,000. This request will provide additional family housing and operate and maintain the current inventory. This level of effort is essential no matter what future force structure changes are made. This request will support the programs presented by the Secretary of the Army and the Chief of Staff, Army. This program will send a message to our soldiers and their families that no matter where they live or work their government cares. Approval of this request will continue the efforts of the Army to enlist and retain the quality soldier that is essential in this period of force structure changes and to maintain a worldwide operational readiness and fighting ability.

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE

STATEMENT OF
REAR ADMIRAL DAVID E. BOTTORFF, CEC, U. S. NAVY
COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND
BEFORE THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION
OF THE
HOUSE APPROPRIATIONS COMMITTEE
ON
THE FISCAL YEAR 1991 BUDGET SUBMISSION FOR
NAVY FAMILY HOUSING
MARCH 28, 1990

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE

Rear Admiral David E. Bottorff

REAR ADMIRAL DAVID E. BOTTORFF
CIVIL ENGINEER CORPS, UNITED STATES NAVY

Rear Admiral David E. Bottorff, CEC, USN, assumed duty as Commander, Naval Facilities Engineering Command, and Chief of Civil Engineers during change of command ceremonies on Oct. 27, 1989.

Rear Admiral Bottorff was born in Saint Joseph, Mo., on June 3, 1937. He graduated with distinction from the U.S. Naval Academy and was commissioned a Navy Civil Engineer Corps Ensign in 1959. He received a bachelor's degree in civil engineering from Rensselaer Polytechnic Institute in 1961 and earned a master's degree in civil engineering in 1968 at Stanford University. He returned to Stanford University as a Chief of Naval Operations Scholar and received a master's degree in business administration in 1974. Rear Admiral Bottorff graduated from the National War College, Washington, D.C., in 1980.

Early tours included Assistant Public Works Officer and Assistant Resident Officer in Charge of Construction at the New York Naval Shipyard; Program Manager for the Officer in Charge of Construction, Southeast Asia in Bangkok, Thailand; Program Manager for the Pacific Division, Naval Facilities Engineering Command in Pearl Harbor, Hawaii; and Executive Officer of U.S. Naval Mobile Construction Battalion 133. Subsequently, he served as the Operations Officer of Public Works Center, San Diego; Director of Program Management and Deputy Officer in Charge of Construction, Bethesda, Md.; and the Civil Engineer Corps Detailer in Washington, D.C.

In August 1980, Rear Admiral Bottorff assumed command of Public Works Center, San Francisco Bay, and in June 1982 began a tour as the Commanding Officer of the Southern Division, Naval Facilities Engineering Command in Charleston, S.C. From July 1984 until January 1986, he served as the Head of the Program Appraisal and Information Branch on the staff of the Chief of Naval Operations and as Deputy Director of the Department of the Navy Program Information Center. During that tour he was selected for flag rank, effective in January 1986.

On Feb. 28, 1986, he became the Commander, Atlantic Division, Naval Facilities Engineering Command, Norfolk, Va. He held that position when selected for a second star in October 1988.

Personal decorations presented to Rear Admiral Bottorff include the Legion of Merit with two Gold Stars, the Bronze Star Medal with Combat "V," the Meritorious Service Medal with Gold Star, the Air Force Commendation Medal, the Navy Achievement Medal and the Combat Action Ribbon.

Rear Admiral Bottorff is married to the former Marjorie A. Ward of Kansas City, Mo. They have two sons, David Scott and John Ward.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM REAR ADMIRAL DAVID E. BOTTORFF, COMMANDER OF THE NAVAL FACILITIES ENGINEERING COMMAND. I APPRECIATE THE OPPORTUNITY TO REPRESENT THE SECRETARY OF THE NAVY AND THE CHIEF OF NAVAL OPERATIONS IN REVIEWING DEPARTMENT OF THE NAVY'S FISCAL YEAR 1991 BUDGET SUBMISSION FOR FAMILY HOUSING WITH YOU. BRIGADIER GENERAL WAYNE T. ADAMS, UNITED STATES MARINE CORPS, WILL REVIEW THE MARINE CORPS PORTION OF THE REQUEST. OUR FISCAL YEAR 1991 REQUEST IS $904.5 MILLION, A 13 PERCENT INCREASE FROM THE $798.3 MILLION APPROPRIATED IN FISCAL YEAR 1990.

I WOULD LIKE TO BRIEFLY SUMMARIZE OUR PROGRAM REQUIREMENTS AND INITIATIVES IN THE OPERATIONS AND MAINTENANCE, LEASING, IMPROVEMENTS AND NEW CONSTRUCTION ACCOUNTS.

OPERATIONS AND MAINTENANCE

ALTHOUGH WE ARE STILL PURSUING OUR LONG-TERM PLAN TO ELIMINATE THE SHORTAGE OF FAMILY HOUSING, THE FISCAL YEAR 1991 PROGRAM CONTINUES THE EMPHASIS BEGUN LAST YEAR TO TAKE CARE OF WHAT WE ALREADY OWN AND REDUCE THE BACKLOG OF MAINTENANCE AND REPAIRS WHICH GREW DRAMATICALLY DURING THE EIGHTIES. WE HAVE INCREASED THE FUNDING FOR OUR MAINTENANCE ACCOUNT BY $71 MILLION FROM $300.0 MILLION IN FISCAL YEAR 1990 TO $371.0 MILLION IN FISCAL YEAR 1991, PRIMARILY TO ACCOMPLISH MAJOR REPAIR PROJECTS. FUNDING THIS LEVEL WILL REVERSE THE GROWTH IN OUR BACKLOG AND HELP THE NAVY REDUCE IT TO A MANAGEABLE LEVEL BY THE YEAR 2002.

WE ARE REQUESTING $294.5 MILLION IN FISCAL YEAR 1991 FOR OPERATIONS AND UTILITIES. THESE ACCOUNTS ARE STABILIZED, ALLOWING ONLY FOR INFLATION AND NEW UNITS COMING ON LINE. THIS AMOUNT PROVIDES THE MINIMUM AMOUNT REQUIRED TO OPERATE OUR FAMILY HOUSING UNITS.

LEASING

OUR FAMILIES ARE NOW OCCUPYING 650 SECTION 801 BUILD-TO-LEASE UNITS--300 AT NORFOLK, VIRGINIA; 200 AT MAYPORT, FLORIDA; AND 150 AT EARLE, NEW JERSEY. 150 MORE UNITS ARE SCHEDULED TO COME ON LINE AT EARLE BY THE END OF JUNE. CONTRACTS HAVE BEEN AWARDED FOR 1,800 UNITS AT STATEN ISLAND, NEW YORK, AND WASHINGTON, D.C., AND PLANNING EFFORTS ARE UNDERWAY FOR THE REMAINING 3,600 UNITS. THE FUNDING REQUESTED, $53.8 MILLION, WILL ENABLE NAVY TO MEET THE CONTRACT COSTS FOR THE SECTION 801 UNITS AND CONTINUE PAYMENTS OF OUR OVERSEAS LEASING PROGRAM. THE FISCAL YEAR 1991 DEPARTMENT OF DEFENSE REQUEST INCLUDES A PROPOSAL, ON BEHALF OF THE NAVY, TO INCREASE THE NUMBER OF FOREIGN LEASES AUTHORIZED BY 1,225 UNITS. THESE ADDITIONAL LEASES WILL HELP ALLEVIATE CRITICAL HOUSING SHORTAGES OVERSEAS, PARTICULARLY IN EUROPE. THE SHORTAGES ARE CAUSED BY A LACK OF SUITABLE AND AFFORDABLE COMMUNITY HOUSING. THE LACK OF LAND ON MILITARY INSTALLATIONS ALSO PRECLUDES CONSTRUCTION OF ON-BASE HOUSING. LEASING CONTINUES TO PROVIDE A SUCCESSFUL AND VIABLE MEANS OF PROVIDING HOUSING FOR OUR FAMILIES. MOST OF THE LEASES WILL BE SHORT TERM, ONE TO THREE YEARS, OR TERM OF OCCUPANCY LEASES. THIS AUTHORITY WOULD ENABLE US TO MEET CRITICAL HOUSING NEEDS AND IMPROVE THE QUALITY OF LIFE OF NAVY FAMILIES OVERSEAS.

CONSTRUCTION IMPROVEMENTS

WE HAVE INCLUDED $42.4 MILLION FOR THE IMPROVEMENTS PROGRAM TO PROVIDE NAVY AND MARINE CORPS FAMILIES WITH QUALITY HOMES THAT ARE AS MODERN AND LIVABLE AS THOSE FOUND IN THE LOCAL COMMUNITY. MOST OF THE NAVY'S INVENTORY WAS BUILT 25-40 YEARS AGO AND LACKS MANY OF THE FEATURES THAT ARE COMMONPLACE IN TODAY'S TYPICAL HOME. THIS PROGRAM IS STABLE COMPARED TO THE AMOUNT APPROPRIATED FOR FISCAL YEAR 1990, ALLOWING ONLY FOR INFLATION.

NEW CONSTRUCTION

THE NAVY'S NEED FOR NEW HOUSING IS CRITICAL. WE HAVE A VALIDATED REQUIREMENT IN EXCESS OF 55,000 UNITS. IN COASTAL, METROPOLITAN AREAS WHERE MANY OF OUR BASES ARE LOCATED, FAMILIES STRUGGLE TO FIND ADEQUATE AND AFFORDABLE PRIVATE HOUSING AS THE INVENTORY BECOMES MORE SCARCE. IN KEEPING WITH OUR GOAL OF IMPROVING QUALITY OF LIFE FOR OUR FAMILIES AND THEREFORE RETAINING OUR SKILLED MEN AND WOMEN, WE NEED HOUSING TO ELIMINATE, OR AT LEAST MINIMIZE, INVOLUNTARY SEPARATIONS AND UNACCOMPANIED TOURS OVERSEAS. THE FISCAL YEAR 1991 NEW CONSTRUCTION PROGRAM INCLUDES $136.4 MILLION TO BUILD 1,112 NEW HOUSING UNITS. WE PLAN TO BUILD 300 UNITS AT NAVAL STATION, LONG BEACH; 300 UNITS AT SAN DIEGO; 150 UNITS AT NAVAL STATION, NEW YORK; AND 116 UNITS AT CAMP PENDLETON IN SOUTHERN CALIFORNIA. WE ALSO PLAN TO BUILD 134 UNITS AT GUANTANAMO BAY, CUBA, AND 112 UNITS AT KEFLAVIK, ICELAND, WHERE MEMBERS AND THEIR FAMILIES MUST RESIDE ON BASE. OUR FISCAL YEAR 1991 NEW CONSTRUCTION REQUEST ALSO PROVIDES FOR FIVE ESSENTIAL SUPPORT

FACILITIES TO REPLACE OLD, WORN OUT FACILITIES THAT ARE NO LONGER ECONOMICAL TO REPAIR OR RETAIN.

CONCLUSION

IN CONCLUSION, MR. CHAIRMAN, ON BEHALF OF OUR FAMILIES, I WOULD LIKE TO THANK YOU AND THE COMMITTEE FOR YOUR CONTINUED SUPPORT OF THE FAMILY HOUSING PROGRAM. THE DEPARTMENT OF THE NAVY'S GOAL IS TO ENSURE THAT THE FAMILIES OF OUR VOLUNTEER FORCE HAVE QUALITY PLACES TO LIVE. WHILE OUR SAILORS AND MARINES FACE EXTREME HARDSHIPS AND DANGER IN THEIR ASSIGNMENTS AROUND THE WORLD, WE OWE IT TO THEM TO TAKE CARE OF THEIR FAMILIES AT HOME. WE ARE COMMITTED TO MEETING THIS RESPONSIBILITY. SAYING THANKS FOR A JOB WELL DONE IS NOT ENOUGH WHEN, EVEN ON SHORE DUTY, FAMILIES ARE OFTEN SEPARATED FOR MANY MONTHS BECAUSE THE HOUSING COSTS AT A NEW DUTY STATION ARE OUT OF REACH OR, IN MANY AREAS, HOUSING IS SIMPLY NOT AVAILABLE. OUR FISCAL YEAR 1991 BUDGET WILL ENABLE US TO CONTINUE OUR INITIATIVES TO PROVIDE ESSENTIAL SERVICES FOR OUR FAMILIES AND TO IMPROVE THEIR LIVING CONDITIONS. WE URGE YOUR FAVORABLE CONSIDERATION OF THE REQUEST.

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO

SUBCOMMITTEE ON MILITARY CONSTRUCTION
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

MARCH 28, 1990

SUBJECT: FISCAL YEAR 1991 MILITARY
FAMILY HOUSING PROGRAMS

STATEMENT OF: MAJOR GENERAL JOSEPH A. AHEARN
Director of Air Force Engineering
& Services

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BY THE HOUSE APPROPRIATIONS COMMITTEE

Biography

United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330-1000

MAJOR GENERAL JOSEPH A. AHEARN

Major General Joseph A. Ahearn is director of engineering and services, Office of the Deputy Chief of Staff for Logistics and Engineering, Headquarters U.S. Air Force, Washington, D.C.

General Ahearn was born Sept. 5, 1936, in Galesburg, Ill., and graduated from St. Louis University High School in 1954. He received a bachelor of science degree in civil engineering from the University of Notre Dame in 1958 and a master's degree in engineering administration from Syracuse University in 1967. He completed the Industrial College of the Armed Forces in 1979.

Upon graduation from Notre Dame he was commissioned as a second lieutenant in the Air Force through the Reserve Officer Training Corps program. His first duty assignment was with the Strategic Air Command, Vandenberg Air Force Base, Calif., where he served as a construction engineer and programmer until 1962. He then was assigned to Goose Air Base, Labrador, as chief of engineering, design and construction. In November 1963 General Ahearn transferred to Headquarters 8th Air Force, Westover Air Force Base, Mass., as a missile maintenance engineer and became director of engineering and construction in November 1964.

In August 1967 he was assigned to Headquarters European Security Region, Frankfurt, West Germany, as chief of civil engineering programs. From November 1970 to September 1971 General Ahearn served as deputy commander, and then as commander, of the 554th RED HORSE (Rapid Engineer Deployable, Heavy Operations Repair Squadrons, Engineer) Squadron, Cam Ranh Bay Air Base, Republic of Vietnam. He then was assigned as base civil engineer and squadron commander at Craig Air Force Base, Ala. In July 1974 he transferred to Headquarters Air Training Command, Randolph Air Force Base, Texas, as the inspector general's civil engineer staff officer.

In July 1976 General Ahearn was assigned to Air Force headquarters, first as an action officer in the Directorate of Engineering and Services, then as chief of the Housing Division. After graduating from the Industrial College of the Armed Forces in June 1979, he returned to Air Force headquarters as chief of the Programs Division. In June 1983 General Ahearn transferred to Ramstein Air Base, West Germany, as deputy chief of staff for engineering and services at Headquarters U.S. Air Forces in Europe. He became deputy director of engineering and services, Office of the Deputy Chief of Staff for Logistics and Engineering, Air Force headquarters, in June 1986. He assumed his present duties in March 1989.

His military decorations and awards include the Distinguished Service Medal, Legion of Merit, Bronze Star Medal, Defense Meritorious Service Medal, Meritorious Service Medal with three oak leaf clusters, Air Force Commendation Medal, Air Force Outstanding Unit Award with "V" device, Federal Republic of Germany Army Cross of Honor in Gold and Republic of Vietnam Armed Forces Honor Medal. In 1984 General Ahearn was awarded the Society of American Military Engineers Newman Medal for his outstanding military engineering contributions in Europe.

(Current as of August 1989)

OVER

During his military career he has been associated with the American Society of Civil Engineers, Society of American Military Engineers, National Society of Professional Engineers, Professional Housing Management Association, American Public Works Association and the Services Society. He is also a member of the Centurions of the Archdiocese for the Military Services of the United States. The general is a registered professional engineer in the commonwealth of Massachusetts.

He was promoted to major general March 23, 1988, with same date of rank.

General Ahearn is married to the former Nona Maria Fallon of Brainerd, Minn. They have three daughters, Stacia, Gianna and Trienel; and a son, Fallon.

INTRODUCTION

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM MAJOR GENERAL BUD AHEARN, DIRECTOR OF ENGINEERING AND SERVICES, HEADQUARTERS UNITED STATES AIR FORCE. I AM PLEASED TO HAVE THIS OPPORTUNITY TO PRESENT THE AIR FORCE MILITARY FAMILY HOUSING PROGRAM FOR FISCAL YEAR 1991.

OVERVIEW

AS IN YEARS PAST, AIR FORCE LEADERSHIP CONSIDERS MILITARY FAMILY HOUSING ITS MOST IMPORTANT FACILITY PROGRAM. WE ARE CONVINCED THAT NO OTHER FACILITY EFFORT INFLUENCES THE PERFORMANCE AND COMMITMENT OF OUR PEOPLE AS HAVING A QUALITY HOME FOR THEIR FAMILIES. WE APPRECIATE CONGRESS'S SUPPORT OF OUR FAMILY HOUSING PROGRAM AS WE STRIVE TOGETHER TO TAKE CARE OF THE "LINE OF THE AIR FORCE" BY PROVIDING QUALITY HOMES FOR A QUALITY FORCE.

EVEN AFTER CONSIDERING PENDING BASE AND PERSONNEL REDUCTIONS, THE NEED FOR FAMILY HOUSING CONTINUES TO BE A SIGNIFICANT QUALITY OF LIFE INITIATIVE. OVER THREE FOURTHS OF OUR HOUSING OCCUPANTS ARE THE FAMILIES OF JUNIOR SERGEANTS AND JUNIOR OFFICERS. THESE YOUNG SERVICE MEMBERS HAVE JUST REACHED THE POINT IN THEIR CAREERS WHERE THEY ARE FULLY TRAINED TO PERFORM IN THEIR CHOSEN SPECIALTIES. WE RECRUITED THESE PEOPLE AS INDIVIDUALS, BUT IT WILL BE A FAMILY DECISION TO STAY. WE

BELIEVE THAT THE QUALITY OF THE HOMES AND NEIGHBORHOODS WHERE THESE FAMILIES LIVE STRONGLY INFLUENCES THIS IMPORTANT CAREER DECISION. WE CANNOT AFFORD TO PAY THE HIGH TRAINING BILLS FOR REPLACEMENTS NOR THE REDUCED READINESS CAUSED BY YOUNG FAMILIES DECIDING TO LEAVE THE AIR FORCE TO FIND A BETTER FAMILY LIFE IN THE PRIVATE SECTOR.

MILITARY FAMILY HOUSING HIGHLIGHTS

THE MILITARY FAMILY HOUSING REQUEST TOTALS $981.4 MILLION DOLLARS. THIS REPRESENTS A 3.4% INCREASE OVER THE AMOUNT APPROPRIATED LAST YEAR, BUT IS ACTUALLY A NET DECREASE OF 1.2% WHEN INFLATION IS CONSIDERED. OUR BUDGET REQUEST IS MADE UP OF $182.6 MILLION FOR NEW CONSTRUCTION, IMPROVEMENTS, AND PLANNING AND DESIGN; $678.3 MILLION FOR OPERATIONS, UTILITIES, AND MAINTENANCE; AND $110.9 MILLION FOR LEASING COSTS. THIS BALANCED PROGRAM IS DEDICATED TO MEETING MISSION REQUIREMENTS FOR MANAGING, MAINTAINING AND IMPROVING OUR AGING INVENTORY WITHIN THE CONSTRAINTS OF AN AUSTERE AIR FORCE BUDGET.

IMPROVEMENTS

THE AVERAGE AGE OF OUR INVENTORY OF 141,000 AIR FORCE OWNED UNITS IS NOW WELL OVER 30 YEARS. EVEN TAKING INTO ACCOUNT THE POTENTIAL TROOP ADJUSTMENT FROM ALL SOURCES OF BASE CLOSURES, ABOUT HALF OF THESE UNITS ARE SEVERELY IN NEED OF MAJOR REPAIR AND DO NOT MEET TODAY'S FUNCTIONAL AND

ARCHITECTURAL STANDARDS. IMPROVING THESE FAMILY HOUSING UNITS IS THE TOP FACILITY PRIORITY OF THE AIR FORCE. TO ADDRESS THIS REQUIREMENT, THE AIR FORCE WILL CONTINUE ITS HIGHLY SUCCESSFUL "WHOLE HOUSE" REVITALIZATION PROGRAM. THIS PROGRAM UPDATES WORN OUT BATHROOMS AND KITCHENS, REPLACES OBSOLETE UTILITY AND STRUCTURAL SYSTEMS, PROVIDES ADDITIONAL LIVING SPACE WITHIN THE SQUARE FOOT LIMITATIONS AUTHORIZED IN LAW, AND BRINGS THE UNITS UP TO COMPARABLE PRIVATE-SECTOR STANDARDS. WE APPRECIATE THE COMMITTEE'S PAST SUPPORT OF THIS VITAL INITIATIVE.

THIS YEAR'S BUDGET REQUEST FOR IMPROVEMENTS IS $173.6 MILLION DOLLARS. THIS REPRESENTS A DECREASE IN REAL BUYING POWER OF 3.9% COMPARED TO LAST YEAR'S BUDGET. AT THIS RATE, IT WILL TAKE OVER 25 YEARS TO COMPLETE OUR REVITALIZATION EFFORT.

TO HELP IMPROVE THIS SITUATION, WE CONTINUE TO EXPLORE PRIVATE SECTOR FINANCING ALTERNATIVES THAT COULD BE USED TO SUPPLEMENT THIS EFFORT AND SIGNIFICANTLY REDUCE THE BUYOUT PERIOD. UNFORTUNATELY, TO DATE, WE HAVE BEEN UNABLE TO IDENTIFY A PROPOSAL THAT IS BOTH ECONOMICALLY ATTRACTIVE AND CONSISTENT WITH ESTABLISHED BUDGETING PROCEDURES. HOWEVER, WE ARE CONTINUING OUR EFFORTS BECAUSE, IF WE ARE SUCCESSFUL, THE BUYOUT PERIOD WILL BE REDUCED TO AN OPTIMUM OF APPROXIMATELY 12 YEARS.

WE ARE CONFIDENT WE CAN MANAGE THIS LARGER PROJECT WORKLOAD. FOR THE LAST TWO FISCAL YEARS OUR OBLIGATION RATE IN THE YEAR APPROPRIATED HAS BEEN THE BEST EVER, OVER 92 PERCENT. WE ARE COMMITTED TO PROVIDING QUALITY HOMES FOR A QUALITY FORCE.

NEW CONSTRUCTION

THIS YEAR'S BUDGET DOES NOT CONTAIN ANY NEW UNITS, THIS IS DUE TO OUR CONTINUING POLICY OF BURDENSHARING, POTENTIAL OVERSEAS TROOP REDUCTION, AND A STRONG BUILD-LEASE PROGRAM AT HOME. THE REQUEST DOES INCLUDE A SMALL NUMBER OF FAMILY HOUSING MANAGEMENT OFFICES AND MAINTENANCE FACILITIES. WE BELIEVE THESE FACILITIES SERVE MUCH AS REAL ESTATE OFFICES IN THE PRIVATE SECTOR, WHERE WE MEET THE CUSTOMER FACE-TO-FACE. THESE FACILITIES ARE OFTEN THE FIRST PLACE OUR FAMILIES VISIT, AND THEY SET THE QUALITY TONE FOR THE REST OF THE INSTALLATION. IT IS VITAL THAT WE PRESENT AN IMAGE OF UNDERSTATED EXCELLENCE AND FUNCTIONALITY IN OUR FACILITIES. THE TOTAL REQUEST FOR THESE ESSENTIAL FACILITIES IS $3 MILLION DOLLARS.

OPERATIONS, UTILITIES, AND MAINTENANCE

THE FISCAL YEAR 1991 REQUEST FOR OPERATIONS, UTILITIES, AND MAINTENANCE FUNDING IS $678.3 MILLION. THIS IS A REAL 0.8% INCREASE OVER THE FISCAL YEAR 1990 LEVEL. THIS IS DUE PRIMARILY TO INCREASE IN NUMBER OF HOUSING UNITS SUPPORTED. IT

DOES NOT REPRESENT ANY INCREASE AT ALL IN OUR ABILITY TO MAINTAIN OUR UNITS. THIS MEANS WE WILL NOT BE ABLE TO WORK AT REDUCING OUR CURRENT $1 BILLION DOLLAR BACKLOG. OUR UNITS HAVE A REPLACEMENT VALUE OF WELL OVER $11 BILLION. WHILE OUR WHOLE HOUSE REVITALIZATION PROGRAM BREATHES NEW LIFE INTO SOME OF THESE HOUSES, MAINTENANCE AND REPAIR OF THE UNITS ARE NEEDED TO KEEP THE "DOORS OPEN," MAINTAIN OUR CURRENT INVENTORY, AND PROTECT OUR PREVIOUS INVESTMENTS.

LEASING

THE FISCAL YEAR 1991 REQUEST FOR LEASING IS $110.9 MILLION. THIS REQUEST IS FOR BOTH DOMESTIC AND OVERSEAS UNITS. THE SECTION 801 BUILD-LEASE PROGRAM HAS BEEN EXTREMELY SUCCESSFUL IN ACQUIRING ADDITIONAL HOUSING UNITS FOR OUR FAMILIES. FOR EXAMPLE, OUR PILOT PROJECT AT EIELSON AIR FORCE BASE, ALASKA, DELIVERED 300 QUALITY UNITS. THESE WERE WELL RECEIVED BY THE OCCUPANTS, AND CONTINUE TO GENERATE POSITIVE COMMENTS. ANOTHER EXAMPLE WHERE WE PLAN TO BRING UNITS ON-LINE IN FY 91 IS CANNON AIR FORCE BASE, NEW MEXICO, WHERE WE ARE USING THE FLEXIBILITY OF SECTION 801 TO QUICKLY PROVIDE HOUSING IN SUPPORT OF BASE CLOSURE AND REALIGNMENT.

THE AIR FORCE IS CONTINUING TO PURSUE A SECTION 802, CONUS RENTAL GUARANTEE HOUSING PROJECT. WE APPRECIATE THE CHANGES IN THE AUTHORITY MADE BY THE CONGRESS LAST YEAR, AND WE ARE PRESSING TO AWARD AN 802 PROJECT AT MCCONNELL AIR FORCE BASE, KANSAS, BEFORE THE END OF FISCAL YEAR 1990.

WE'VE SCALED DOWN OUR FOREIGN LEASE PROGRAM FROM FISCAL YEAR 90. WE ARE ASKING FOR A TOTAL OF 6,804 FOREIGN LEASES FOR OVERSEAS LOCATIONS. THIS IS A $1.6 MILLION DOLLAR DECREASE FROM LAST YEAR'S APPROPRIATION. ESPECIALLY IN TODAY'S FAST CHANGING OVERSEAS ENVIRONMENT, WE CONTINUE TO NEED THE FLEXIBILITY OF FOREIGN LEASES TO MEET OUR REMAINING MISSION REQUIREMENTS.

CONCLUSION

MR. CHAIRMAN, OUR GREATEST FACILITY NEED REMAINS FAMILY HOUSING, AND OUR FISCAL YEAR 1991 FAMILY HOUSING REQUEST REFLECTS OUR COMMITMENT TO FAMILY HOUSING EXCELLENCE! THERE ARE STILL TOO MANY AIR FORCE FAMILIES LIVING IN INADEQUATE HOUSING. OUR OBJECTIVE IS TO PROVIDE OUR FAMILIES THE SAME LIVING STANDARDS FOUND IN THE LOCAL COMMUNITY. WE REQUEST FULL APPROPRIATION OF OUR MILITARY FAMILY HOUSING PROGRAM SO THAT WE CAN IMPROVE THE LIVING STANDARD FOR OUR AIR FORCE FAMILIES.

MR. CHAIRMAN, I AM HONORED TO BE ABLE TO APPEAR BEFORE YOU TODAY AND TO REPRESENT THE UNITED STATES AIR FORCE. WE ARE PREPARED TO ANSWER YOUR QUESTIONS.

SECTION 801 VS. INSTALLMENT PURCHASE

Mr. **Hefner**. We have had some real strong reservations about leasing of new family housing units. It seems to make a lot more sense to own than to lease.

In the 1991 budget, the request for leasing shows an increase of nearly one-third above the level we appropriated last year. Now, on a case-by-case basis, as you have touched on, these leases may appear to be an expense we can afford. For example, in Europe leases are offset by savings in the housing allowances. But when it is all said and done, you have a $600 million per year program that does not provide any residual value.

Now, let me talk about 801 versus purchasing. We have had some real reservations about 801. We have worked very hard to try to see that it works and to support 801 housing. But I still believe that installment purchase is a better option. Is the problem with OMB still the scorekeeping, a budgetary problem?

Mr. **Berteau**. We do still have a scoring problem there, certainly, and I guess it is fair to say we will continue to work on that.

With respect to the 801, itself, of course, we still look very much at the cost, and the cost per year is not an insignificant issue. You are right, we get to the end and we don't own it. It has cost us less to get to that point.

Increasingly, we are beginning to wonder whether when you get to the end, you would want to own it because, in fact, the situation is very different than in the past. I am not sure that I could be comfortable telling you what our family housing needs are going to be 10 years from now or 15 years from now or 20 years from now.

RESIDUAL VALUE

Mr. **Hefner**. Let me just stop you there. I mean I could use that same argument. You could use that same argument for buying an individual residence.

But, it seems to me, we are not building any equity at all. After all, our services, we do not score anything as an asset. That is one of the things that people think about.

Mr. **Berteau**. Right.

Mr. **Hefner**. We have all the tanks and the B-1's and F-16's and F-15's, carried as no equity on the books. If we were going to look to what we need 10 years from now, we may not want it for our services to use. But, still, they would be ours. They would have some residual value, I would think.

Mr. **Berteau**. Right.

Mr. **Hefner**. And I understand the bookkeeping about it. It makes it tough for the budget.

But, it seems to me, that we ought to bite the bullet and do these things. That just makes sense to me.

For instance, I don't mean to pick on the Navy. But over in Crystal City, we spend $60 million for leasing. That is $60 million we are paying for leases in Crystal City when we could have other property that we could own. We think we understand the politics of it.

Mr. **Berteau**. We have tried to get out of there a few times.

Mr. **Hefner**. We are going to try to help you get out.

Mr. **Berteau**. All right.

SCOREKEEPING

Mr. **Hefner**. We do not want to be presiding when it hits $100 million.

Are you still trying to get OMB to take a look at the scoring?

Mr. **Berteau**. Yes, sir.

Mr. **Hefner**. Our understanding is that the OMB has agreed to scorekeep lease-purchase of facilities other than family housing on an annual basis. Does the Department consider lease-purchase as a better option than 801 leasing?

Mr. **Berteau**. It is not clear that in every case it would be a better option. In fact, I have to add that at the moment it is really not an option at all for us.

Mr. **Hefner**. I understand that. Obviously, not for us either.

Mr. **Berteau**. But I could certainly conceive of cases where you could compare the cost and what you get out of it, and you would find it would be to your advantage under lease-purchase. Nonetheless, we do not really do that for every project that we look at because it is not an option. We do not have the authority to do that.

Mr. **Hefner**. You mentioned something about 10 years down the road you might not want the property. On 801 housing, what is the usual contract?

Mr. **Berteau**. Twenty years, actually.

Mr. **Hefner**. Twenty years down the road, you might not have the option either. In most cases, they are not obligated to let you keep 801 housing. Are they?

Mr. **Berteau**. No.

Mr. **Hefner**. After 20 years, it becomes theirs?

Mr. **Berteau**. That is in large part. That is the way it is written.

Mr. **Hefner**. So, to me, to be perfectly candid with you, I would not mind getting out of this job if I was assured that we were going to stay with 801 housing, get out and get in the construction business and get me some 801 housing. I think it's a pretty good deal for the people that do 801 housing. I am not saying they rip off the government. But I think it is a pretty good deal. I understand the problem, and I am not preaching to you. But it is something I think we have to look at.

I have some questions I would like to ask you about Fort Bragg, which is not in my district. But it is very close. I will include them in my questions for the record.

Mr. Lowery?

Mr. **Lowery**. Mr. Chairman, I am going to follow up on the installment purchase.

Could you amplify exactly what the status is of your negotiations with OMB on the scoring?

Mr. **Berteau**. Basically, as I understand, the ball is in their court. It is not clear to me what I can do to change their minds other than what we have already laid out. If I got the ball back, there is not much I could do with it other than kick it back to them again.

Mr. **Lowery**. I have talked to Mr. Darman about this issue, and he indicates that he agrees that it is not the most prudent way about going about a capital account and is looking for a much broader overall government approach to reorganizing the budget. But it strikes me that I do not know how long it is going to take. That may be light years away.

Mr. **Berteau**. Not this month at least.

You have the problem, I think, from their perspective, If they set a precedent on this particular program, then you run the risk of that precedent being used for a host of other categories across the federal government.

Mr. **Lowery**. You anticipated one of my other questions. Are you aware of any other agency or department that has ever been granted waivers on installment purchases in recent past?

Mr. **Berteau**. I am not aware of any. But there may well be some.

Unfortunately, we do not generally get in the business of watching what the other agencies do in that regard.

I suspect you can find one somewhere. None has ever come to my attention.

Mr. **Lowery**. We talk a lot about the government making sense and being run on a more businesslike basis. I am not aware of anyone on this earth outside of our government that just generally goes about purchasing structures with all the cash up front. That makes no sense whatsoever. Obviously, it can get out of control if we are not careful. But I would think the facilities that we plan to own and operate for 30 years, or in many instances with military housing facilities, that they fall under the mat.

Mr. **Berteau**. Right.

Mr. **Lowery**. For us to put it on an installment basis over a 20- or 30-year period makes all the sense in the world.

Mr. **Berteau**. I think you can even take that further to the broader issue of the capital budget, which you raised. I mean I am personally a big fan of figuring out a way to move DOD towards that regard. But that issue has been debated for years and years and years, and, as far as I can tell, we are no closer to doing it now than anybody.

Mr. **Lowery**. How elevated is this issue becoming? At what level are the discussions taking place at OMB?

Mr. **Berteau**. I have had some discussions with OMB. I am not aware of anybody above my level that has had such discussions.

Mr. **Lowery**. Does it make some sense to elevate it and possibly have Secretary Cheney bring this up?

Mr. **Berteau**. We will look into that.

Mr. **Lowery**. We have talked about this for sometime. But we would constantly get stonewalled. It strikes me with the decreasing budget and the changes that are taking place in the world, we are going to need to do a good job. Certainly, as far as new construction is concerned, we can bring an awful lot more on line and a lot faster if we would approach it in a more reasonable approach.

Mr. **Berteau**. I will endeavor to do that.

Mr. **Hefner**. It seems to me there would be all sorts of ways for innovative financing. I would love to have the federal government and the services owe me money on financing for housing knowing that, "Hey, you guys are going to be there." It is not like somebody comes in and qualifies for an FHA loan or what have you. Maybe he stays out there for 40 years and wants to move up and move down. You guys have to be there. There has to be some innovative financing that you can do to make this happen.

Certainly, you have some bright people over there. Why don't they insist on maintaining this position? It does not make any sense for them to come in and score. If we were going to do that, we should come in and say we are going to score the whole B-1 program the first year. We are going to pay the whole cost. We are going to pay $25 billion this year. Then we do not get anything out of it.

We talk about leasing our weapon systems. But this does not make any sense to me. I will not say this is insane. But it is certainly not practical.

Mr. **Lowery**. It is close to it.

Mr. **Berteau**. Mr. Chairman, I regret that I am not really in a position to defend OMB sufficiently.

Mr. **Hefner**. I didn't know there was anybody higher than your position. [Laughter.]

I thought we were dealing with the top guy here. [Laughter.]

Mr. **Berteau**. Just the one who volunteers a lot.

Mr. **Hefner**. We do not shoot the messenger. So do not worry.

Mr. **Lowery**. It strikes me that if we went to a more realistic scoring, the Chairman's analogy, I think of the major weapon programs, is very appropriate. Instead of having all the cost scored up front the first year, but amortize it over, let us say, a 25-year lifetime, we could improve from 1,250 units to 25 times that number and deal effectively with the tremendous backlog that we have. This stuff is not going to be cheaper in the years ahead.

LEASE VS. PURCHASE

Mr. **Berteau**. That is for sure.

There would still be situations where, I think, 801 would be more economical and would make sense to use. Going to lease-purchase, it seems to me, would not necessarily drive you to zero on an 801.

Mr. **Hefner**. Give me an example.

Mr. **Berteau**. A situation where, in fact, you are going to have trouble finding somebody who will build on that. I mean ultimately what you want is, you want to buy the housing for the member because that is really what our number-one priority is or a situation where, in fact, you can project that down the road you are not going to have as big a need as you are going to have today.

At the risk of speculating beyond any reasonable issue, let us say, for example, that there is a point in time where you believe that we will no longer have a land-based I.C.B.M. course, that at some point in time the technology is going to lead you beyond that. You may not want to invest in owning large amounts of housing. I am just using that as a for instance. It is not my belief that we are going to get to that point at any point in time.

You may want a situation where you pay the cost of occupancy, and then you do not have the responsibility beyond that.

I will tell you frankly that we are having a lot of trouble getting rid of excess bases that we would like to walk away from, as you well know. You do not necessarily want to put yourself in the position where you are acquiring more and more and then later on down the road you are going to have more and more trouble walking away from it.

Mr. LOWERY. Is that on-base housing or off-base housing?

Mr. BERTEAU. It could be either.

Mr. LOWERY. Because I would think it would be a little easier to dispose of units of 100 or fewer, for instance, off base. Although if you are talking about the small towns you point out, you are going to have some very depressed areas.

Mr. BERTEAU. You could have trouble.

In many cases, we may have options because the developer will be willing to build and lease to us, but would not be willing to give us land or sell us the land. So the options that we would have would vary on a case-by-case basis.

General AHEARN. Of course, we could use a little flexibility, which is often the case in the private sector. It is a lease-purchase authority that gives us the authority to write a contract with the option to buy at the end of the contract period. This way we do not have to commit at the beginning of the period, but allows us to commit at the end.

Mr. BERTEAU. That could give you the best of both worlds.

Mr. LOWERY. I would hope you would at the highest levels pursue these thoughts.

Mr. BERTEAU. I will.

HOMEOWNERS ASSISTANCE PROGRAM

Mr. LOWERY. Let me shift gears over to the Homeowners Assistance Program. Last year, it was directed to the Department of Defense to utilize the private sector in administration of homeowners assistance. Those instances were cost effective and made sense. Could you comment on the progress to be made in this program?

Mr. BERTEAU. Pete, do you want to pick up on that?

General OFFRINGA. Yes, sir.

We are in the process of contracting for a feasibility study of the capabilities of the private sector to determine whether contracting out the administration of the Homeowners Assistance Program would be cost effective. We think that there are some good advantages in pursuing contracting out, and we are pushing forward.

Mr. LOWERY. When will that study be available?

General OFFRINGA. We are planning to have the study by the end of the year, sir.

Mr. LOWERY. Are you doing it just for the Army?

General OFFRINGA. No, sir. We are the executive agents for all the Services.

Mr. LOWERY. Okay. Do you expect to have that by the end of the year?

Mr. BERTEAU. Yes, sir.

OVERSEAS LEASES

Mr. LOWERY. Okay. In your legislative proposal, you mentioned that 1,225 units were for overseas? My question is why we would be doing more construction for overseas housing at this time when we are formulating a build-out.

Mr. BERTEAU. The 1,225 is for authorization to lease additional units overseas. We currently have 53,000. The 1,225 would pick us up to a little over 54,000.

In fact, a big jump in the leasing money is because those leases are being executed. Execution lags behind the authorization of those leases. So we are starting to put a lot of them up. Most of these are short-term leases. We find in Europe now that this is going to be a very useful item. It has been a pretty good deal for the landlord because we guarantee occupancy. It gives us a lot of flexibility to move people in and out, and we can terminate the lease and walk away from it. This is not like the 801 where you have a 20-year deal.

Mr. LOWERY. How short term?

Mr. BERTEAU. In many cases, it is on an annual basis. It is renewed on an annual basis. So, of the 53,000 units there, I would not speculate on how many of those we may not need two years from now. But it is probably a substantial portion of them that we will be mighty glad that we have the leases, and then we can walk away from them. Your money goes to zero.

FAMILY HOUSING IN SAN DIEGO, CALIFORNIA

Mr. LOWERY. Admiral, I notice the overwhelming amount of new construction programs in southern California, some 716 units. How will this help the shortfall? Your current plans, when do you anticipate the shortage to be?

Rear Admiral BOTTORFF. All the shortage?

Mr. LOWERY. I think in San Diego.

Rear Admiral BOTTORFF. We have been in a long-term program of slugging it out there.

Mr. LOWERY. Three-hundred units, that is about 20 years. Is not it?

Rear Admiral BOTTORFF. That is right. The housing deficit is about 7,500 units in San Diego. We are just eating away at it piece by piece. We have a number of actions going on there.

Mr. LOWERY. I talked to your commanders. They think that number is about double that because you have any number of young sailors who are realizing the tremendous housing costs. They don't even apply and leave their families back home.

Rear Admiral BOTTORFF. These come from the housing survey system. Generally, in a big metropolitan area like San Diego, it is probably fairly accurate.

Mr. LOWERY. I was told that it does not include those young sailors and marines who were transferred to San Diego and do not even apply because they realize that it is not likely with shortfalls to gain housing. What ends up happening is they leave their families back home, wherever they may be.

Rear Admiral BOTTORFF. That is not really true. We do survey across the board regardless of whether they have applied for housing or not. These are not waiting lists of deficits. It is a statistically-based system. I would say they are reasonably accurate. But times change, of course, as housing costs increase. Opinions change on whether or not they seek housing.

Mr. **Lowery**. Is there any way to accelerate that from 20 or more years?

Rear Admiral **Bottorff**. The Navy is considering very strong support of the housing programs as compared against the declining trend in the Defense and Navy budgets. So I am hoping that combinations of new construction, 801, 802 and maybe someday, a lease-purchase arrangement would help us close that gap.

But, specifically, I think we are going to strongly support it. You will see that in the 1992 budget; however, I cannot commit to a specific level at this point in time.

Mr. **Lowery**. I understand.

801 PROGRAM IN SAN DIEGO, CALIFORNIA

The 801 Program, there are areas where there is living availability of land, and the land is terribly expensive such as San Diego. They have had limited success in the past. I know the Navy has been very aggressive in trying to get interest in the 801 Program. Can you advise us what the status is?

Rear Admiral **Bottorff**. In the total 801 Program?

Mr. **Lowery**. In San Diego.

Rear Admiral **Bottorff**. Yes. We have plans for nearly 700 units of Section 801 housing in the San Diego area. They are at various stages of development.

Of course, you know we do have the authority remaining from the Miramar land sale not only to purchase suitable housing sites but to build government-financed housing units. This is in addition to the 700 units of Section 801.

Mr. **Lowery**. You are finding more interest after the seminars that have been run?

Rear Admiral **Bottorff**. Yes, sir. Definitely.

AIR FORCE HOUSING INITIATIVE

Mr. **Lowery**. Let me shift over to the Air Force for a second. Your housing community plan, could you enlighten the subcommittee on the housing initiative the Air Force is beginning?

General **Ahearn**. Indeed, I can, Mr. Lowery.

The housing community plan assesses the total set of requirements for the entire housing neighborhoods that we target for upgrading. Our objective is to improve the whole neighborhood as well as the whole house. We believe it is important to hire professional architectural engineering firms, who are experts at designing communities and suburbs to aid us in defining requirements and the architectural themes in the infrastructure environment. The objective is to package the whole investment such that when we are done, we have a product to deliver that will last 25 or 30 years. Our plans will clearly be in phase with the times.

Mr. **Lowery**. Is this just new or are you talking about going in and rehabing?

General **Ahearn**. This is renovation, sir.

We already do this as a matter of practice when we build new. We employ these same experts to help us with those projects.

We were concerned that we did not have a capital investment program that was either complete or developed by the authorities and the experts in the business who can give us the highest value when we are finished with our work.

Mr. **Lowery**. How old are these units that you are rehabing?

General **Ahearn**. Between 30 to 50 years old.

Mr. **Lowery**. So it's post World War II stuff?

General **Ahearn**. Yes, sir.

The Housing Community, plan is primarily, a planning effort emphasizing planning, and budgeting, with the expected output being quality. This is value.

GOVERNMENT RENTAL HOUSING PROGRAM

Mr. **Lowery**. For the Army, the government rental housing. With the troop reductions in Europe, will the government rental housing have impacts? What will they be?

General **Offringa**. We do not anticipate asking for more lease authority in Europe.

Our plan as we draw down in Europe, because so many of the communities are close to some of our residual bases, is to continue to occupy most of the government housing. People will be able to commute.

The 34,000 families that are in private rentals will be the first that we will draw in. We will probably be drawing them into either existing inventory or into government rental housing units.

At the same time, our 4,500 long-term leases either expire or as we get the opportunity to renegotiate them, we are converting them into the government rental housing so that we are, in essence, moving from long-term leases to short-term leases. While the overall total number of government rental housing leases may increase within the overall lease ceiling, we anticipate that the total leases in Europe will be slowly coming down as we draw the troops down.

Mr. **Lowery**. Thank you, Mr. Chairman.

Mr. **Hefner**. Mr. Coleman?

Mr. **Coleman**. Thank you.

EFFECTS OF HOUSING ON RETENTION

I have a different view than some people. I am very worried about where we are heading. We are only going to look at these numbers in terms of the base closure sites or overseas. We have done it a number of other ways. We are not counting all the numbers.

What I am suggesting is this. we are saying, in, effect, it's too bad that a soldier or a sailor or marine or an airman gets stationed at a place that we are going to close overseas. We are not going to take care of the housing, family housing, at those sites. I want you to subtract out the number of people that we do not retain in the service that refuse to reenlist. When you subtract them, we are going to talk about all the money that we have spent to train that individual. I think that has to be put into the cycle of this housing issue.

I maintain that we are going to make a big mistake if we sit around and worry that the dollars are only as they appear on these sheets. We do not put into that calculation the loss to the United

States Government, the loss to the United States itself, and all of our citizens if we do not subtract out what we are losing when that person decides not to reenlist or re-up. It just seems to me that we are going to make a big mistake if we do not really have a sincere, long-term plan about how we are going to take care of these people that do get stationed at these sites.

I think that you are going to find soldiers and sailors, particularly those in the family housing, who are going to say, "Hey, if this is all my government cares about me, I will see you later." I just have that sense and feeling that we are going to make a mistake if we only look at these kinds of numbers. So I would hope that in our long-term planning we think about that.

If this means that we are going to have to do some rehabing or do some additional construction in some of these sites, let us put it into the calculation. What is it going to cost us for the soldiers and sailors and airmen that leave and the men and women in the services that leave us? Those numbers, I think, are serious.

I happen to know what it costs. I used to know what it costs to train an officer and train an enlisted man in the era that I was in the army. Compared to other categories of expenses, it was high. So I just want to sound a warning. It is kind of hard for some people to explain to the taxpayers that these are good investments. But that is our job. I think that a lot of us on this committee can probably do it better than others. But we will try to educate our colleagues.

I do not want the Department to come up here and feel bad about asking for family housing for installations that we may be closing or for overseas. I am not one who happens to believe that it is all over, over there, quite yet. Until we are all sure of that and we can all sign on the dotted line that that is the way it is and until we have given up all our weapon systems, then I think we had better plan on continuing to spend funds where they is needed. I cannot think of anything that is more important than family housing.

With that said, if you need to provide it for the record, you can do it. I want to know how many families are on waiting lists for government-provided family housing for each of the services because I think that that goes also to this issue. I am including all of those who are waiting, worldwide, for each of you, each of the services. I would like to know what the average is to get into housing in each of the services. I would be very interested to know that. If you have those figures available, you can give them to me now. If you would like, you can provide them for the record.

Mr. **Berteau**. I certainly do not have them.

[The information follows:]

FAMILIES AWAITING HOUSING

	Officers	Enlisted	Average wait time (months) [1]
Army	6,691	54,975	1–7
Navy	3,113	25,775	4–8
Marine Corps	964	6,810	1–6

FAMILIES AWAITING HOUSING—Continued

	Officers	Enlisted	Average wait time (months) [1]
Air Force	6,147	34,274	4–7

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[1] The length of time military families may have to wait for government-owned housing is inconsistent and varies according to circumstance and the many controlling factors involved. The timeframes as listed above for each Service, are therefore representative rather than firm. Most often, the common factors contributing to the length of time a family is required to wait will include the military's sponsor's grade, the geographic location, bedroom requirements, and the availability and affordability of housing in the local community.

Mr. Coleman, I think it is fair to say that all of us agree wholeheartedly with your preface there in terms of the importance of that and the need to take full cognizance of what the impact of failure to support the family housing situation would be.

Mr. COLEMAN. I understand the budget outlay problem. But that is the trouble with the system that we all live under. We all have to worry about that next year's number. But the next number is one that we are not anticipating. That is what we are losing. I maintain that is a number that we are not putting in the calculation. By the way, that's another issue, the contracting-out business. We are not putting all of the numbers in that we ought to put in. I am a pretty outspoken critic of that business. But to think that civilian workers cannot do the job for America, I think, is a mistake, also.

So, anyway, I am just one of those that has very strongly held views about putting all the numbers in. Take the message back to the people we all work for over there at the Pentagon. Just let them know that there are a lot of us that think that they had better put those numbers in because they are important numbers.

UTILITIES

Let me then ask you also about the utilities issue. I noticed everybody had a utilities increase, I believe, except the Air Force. That was a reduction. To What are we attributing that?

General AHEARN. It is a result of the housing community plans, our investment strategy for "whole house" improvements, and our previous investment in the energy conservation program.

But the preponderance of our expectation for reduced utility costs comes from our capital investment in higher energy efficient family housing. We have been investing in that packaging for five or six years. We are beginning to see real dividends.

Mr. COLEMAN. Good.

CONTRACT CLEANING

The question that came up a year or two ago was on a clean-ups by contract. We put a cap, as I recall, of $25 million on that for an expenditure. I see that the request is only $21 million. Would it be all right with you all if we put the cap down to $21 million?

Mr. BERTEAU. I think in anticipation of what we may encounter there in terms of the clean-up costs, let us say that if overseas, if we wound up having to execute a reduction at a timetable which we are not currently planning for, it might be nice to have the flexibility to go up a little bit.

Mr. COLEMAN. This isn't for the environment.

Mr. **Berteau**. No. It is for cleaning the quarters. I think that leaving the cap at $25 million gives us that little flexibility that we have in there.

Mr. **Coleman**. I understand.

Mr. **Berteau**. I would prefer that we keep it where it is.

Mr. **Coleman**. You are phasing it out in the United States. Aren't you?

Mr. **Berteau**. Yes, sir. We took a hard look at that and could not justify it on economic grounds the same way we can overseas. We are phasing that out.

Mr. **Coleman**. Finally, I would like to compliment you and the staff and everybody that has worked on the 801 program.

I sent some fairly lengthy letters with respect to 801 housing. I think I got very good, clear and precise answers to a lot of technical questions. I appreciate it. Thank you.

Thank you, Mr. Chairman.

Mr. **Hefner**. Thank you.

Mr. Lowery, do you have another question?

Mr. **Lowery**. I have some more. But I will submit them for the record.

Mr. **Hefner**. I have some for the record. We want to thank you, gentlemen, for being with us.

The committee stands adjourned until tomorrow morning.

[Clerk's note.—Questions for the record submitted by Chairman Hefner.]

LEASE-PURCHASE

Question. Last year's Armed Services bill included a section on lease-purchase of facilities, but family housing was not included (Section 2809 of Public Law 101-189). Did the Department ask to have family housing included? Why, or why not?

Answer. The Department's fiscal year 1990 budget request did not include a legislative proposal for the authorization of facility lease-purchase contracts. The potential viability of such an authority for housing acquisition will depend in large part on policy as to the budgetary treatment of lease-purchase obligations, an issue which needs clarification before legislative authority is sought.

Question. Granted that lease-purchase might not solve the problem of renovating the housing units you already own, would it be a good tool for acquiring new units.

Answer. If lease purchase were an option, we could use it for housing revitalization. It might also be a viable tool for new construction.

Question. Would you expect to see a price difference between installment purchase and lease-purchase of family housing?

Answer: Any housing acquisition contract which involves private financing and the transfer of facility ownership to the government upon conclusion of the payment stream, should be equivalently priced regardless of whether the cotnract was labelled as an installment purchase or a lease-purchase. Alternatively, a pure lease contract (such as Section 801) which affords the private owner the residual value benefits of the project at the conclusion of the lease, will consistently be less costly to the government than a comparable lease-purchase contract.

BASE CLOSURE I

Question. How will the first round of base closures impact the family housing situation at the installations that will gain personnel?

Answer: Adequate housing will be available at the gaining installations either by:

1. Having sufficient on-base housing units at the gaining location,
2. Finding adequate housing at economical rates in the local community,
3. Building new housing, or
4. Pursuing privately financed housing.

Question. Is the Department considering retaining housing units at closed bases to meet housing needs of nearby installations? If so, where?

Answer: Yes, In accordance with the law, another Military Department could request transfer of housing assets. The Navy has expressed an interest in obtaining some of the housing at stand alone housing areas. However, the Base Closure and Realignment Act mandates transfers at fair market value. Therefore, the cost effectiveness of any transfer will have to be thoroughly evaluated.

BASE CLOSURE II

Question. Mr. Berteau, you appeared before us on March 15 for our Base Closure hearing, and we talked about the process by which candidates were chosen for the second round of base closures. Was family housing a factor in selecting these installations?

Answer: The candidates for study announced in January 1990 were based on the Services' proposed force structure reductions, Defense Management Report savings, or other efficiencies. Impact on family housing is one of many factors being considered as part of Section 2687 studies, now underway.

DEFERRED MAINTENANCE

Question. What percent of the maintenance and repair requirement will be met by each Service within the $1.2 billion budget request for this purpose for fiscal year 1991?

Answer: The following percentage of the maintenance and repair requirement of each Service will be met within the fiscal year 1991 budget request:

	Percent
Army	86
Navy	5
Marine Corps	12
Air Force	26

Question. What is the current backlog of deferred maintenance for each of the Services?

Answer. The Services backlog of deferred maintenance at the end of FY 1991 is as follows:

	Million
Arny	$601
Navy	706
Marine Corps	71
Air Force	1,152

Question. How much additional maintenance and repair work could be performed during fiscal year 1991, beyond the budget request, and what are the limiting factors?

Answer. The Army could perform approximately $300 million maintenance and repair work in addition to the amount in the budget request. A limiting factor is the ability to schedule work in facilities occupied by families.

The Navy could perform an additional $75 million in maintenance and repair work. The limiting factor is that maintenance dollars are annual dollars and projects would have to be designed quickly.

The Marine Corps could accomplish additional work at $40 million, but would be limited by the timeframe for funding and design.

The Air Force could manage another $160 million (an additional 50%) for maintenance and repair in FY 1991. However, program execution would be limited by the nonavailability of additional design funds; the number of housing units that could be vacated; and the capacity of contracting/construction management personnel.

CONSTRUCTION IMPROVEMENTS

Question. How much additional construction improvement work could be performed by each Service during fiscal year 1991, beyond the budget request, and what are the limiting factors?

Answer. The Army could perform approximately $175 to $200 million more improvements work than is requested in the budget. The limiting factor is similar to that mentioned in Question 8 for maintenance and repair except that improvements projects are normally larger than maintenance projects and normally require that the quarters be vacant when the work is done. Therefore, the only limiting factor is the ability to schedule the vacating of facilities occupied by families.

The Navy could execute an additional $25 million improvement projects with concurrent repairs of $75 million. Improvement dollars are good for five years giving us ample time to design and execute the projects. Navy has projects on the shelf that are ready to execute.

The Marine Corps could execute another $40 million worth of improvement projects, but would need additional time for funding and design.

The Air Force can easily manage a 50% increase in funding for our improvements program. This is based on our experience during FY 87-89 concerning the "program and a half" approach which entailed an authorization request 50% greater than the appropriation request. In addition to construction funds, design funds are also required at a rate of 4% for every construction dollar. Limiting factors in executing a 50% program increase are the same as listed above.

SECTION 802/REHAB

Question. Is there a way you can use the Section 802 program to perform maintenance and repair or construction improvements?

Answer. Existing military family housing that is currently uninhabitable/inadequate or will soon be, may be restored under the Section 802 program.

HOUSING ALLOWANCE

Question. What is the annual cost of housing allowances paid directly to service men and women who live off base in private housing?

Answer. The annual amount paid directly to military families is $6.1 billion for FY 1990.

Question. Is it correct that about two-thirds of all active duty military families live in such housing?

Answer. Yes.

Question. What is the average annual housing allowance for each enlisted family, and for each officer family?

Answer. The average annual allowance for enlisted is $4,235 and officers (excluding generals) is $7,206. This is an average of the BAQ and VHA paid to families.

FAMILY HOUSING O&M VS HOUSING ALLOWANCES

Question. What is the average annual operation and maintenance cost for a family housing unit for each of the services as compared with the average annual housing allowance?

Answer. The average annual operation and maintenance (O&M) cost per family housing unit as compared with the average housing allowances for each Service follows:

	O&M	Hsq allows
Army	$6,600	$6,005
Navy	6,770	6,560
Marine Corps	5,240	6,600
Air Force	4,817	6,525

CURRENCY FLUCTUATION

Question. What currency gains or losses are projected for each Service's overseas housing program during fiscal year 1990 and 1991?

Answer. Projected losses for each Service's overseas housing program for FYs 1990 and 1991 are as follows:

[Dollars in millions]

	Fiscal year	
	1990	1991
Army	–$1.7	–$1.3
Navy	–2.4	–2.4
Marine Corps	([1])	([1])
Air Force	–29.2	–26.0

[1] Only MC installation subject to gains or losses. No changes projected.

FOREIGN LEASES

Question. For the record, what is the requested increase in the number of foreign leased units and the funding increment for this increase, by service.

Answer. The Fiscal Year 1991 Department of Defense Military Construction Authorization request includes a legislative proposal for 1,225 additional foreign leases for the Navy. This is the total requested increase. Funding for these leases will be included in Navy's fiscal year 1992 family housing budget request. The increase in Navy's foreign leases costs between fiscal years 1990 and 1991 reflect costs for leases coming on line in fiscal year 1991.

SUPPORT FACILITIES

Question. Mr. Berteau, what is the basis for requesting family housing support facilities in the new construction account?

Answer. We are required by 10 USC 2821 to include ancillary supporting facilities whenever we are requesting funds to construct military family housing units. Accordingly, if existing family housing units have inadequate supporting ancillary; facilities, then they must be requested in this account. By this action, we are providing the true costs involved in support of the existing family housing.

FURNISHINGS

Question. Why is the Navy requesting an increase of 21 percent in the budget for furnishings?

Answer. This increase is to support continued expansion of the Navy's overseas loaner furniture program. Beginning in fiscal year 1989 Navy began an overseas "supplemental" furnishings program of seven items to loan to families for their entire tour when they must live off-base. The seven items are refrigerators, ranges, washers, dryers, kitchen cabinets, wardrobes, and transformers. The total cost to implement the program over the next four years is approximately $25 million.

UTILITIES

Question. The Army and Navy are requesting increases of 2.3 percent and 2.5 percent for utilities, but the Air Force shows a decrease of 5.9 percent—a savings of $13.9 million from the amount appropriated last year. Was the Air Force utilities budget overstated last year?

Answer. No, overall utility costs are going down because of energy conservation investments. Through the Air Force investment in the Whole-House Improvement Program, our houses are more energy efficient. Additionally, favorable weather coupled with an aggressive occupant conservation program and our initiatives to convert to less costly energy sources such as natural gas, have resulted in reductions in utilities costs.

"WHOLE-HOUSE" IMPROVEMENTS

Question. Submit for the record a table that will show the number of units programmed for whole house revitalization within the budget request and the funding increment for this work, by service.

Answer. The Army has 2,026 family housing units in the budget for whole house revitalization at a total cost of $44,090,000.

The Navy—1,858 units @ $83,266,000.

The Marine Corps—938 units @ $40,500,000.

The Air Force—3,222 units @ $169,200,000.

HOMEOWNERS ASSISTANCE PROGRAM

Question. General Offringa, why does the authorization package ask for transfer of funds from any available appropriations to the Homeowners Assistance Account, rather than limiting the source of funds to the Base Closure Account?

Answer. The OCE requests the inclusion of the transfer of funds from any available appropriations to the Homeowners Assistance Account (HOA) in its authorization package to provide the needed flexibility to maximize the viability of the program.

The requested authorization for transfer of funds from any available appropriations provides a means of funding the HOA when unanticipated requirements arise. For example, due to the timing of the Fiscal Year 1991 budget submittal and the January 29, 1990, announced proposals, we were unable to include any additional requirements to the HOA.

Homeowners Assistance Program (HAP), like base closures, requires the needed flexibility to continue its program. There is no certainty that there will be sufficient funding in the Base Closure Account to handle the HAP. Moreover, it is unknown whether or not HAP will be authorized to use the account beyond 1991.

It is imperative that the HAP have independent transfer authority. HAP was limited to funding through the Base Closure Account for Fiscal Year 1991. Because unanticipated programs arose outside the normal budgeting process. Other unpredictable situations have arisen. An autonomous funding mechanism as proposed in the legislative package, is the most effective method of resolving unfunded requirements and give DoD needed management flexibility.

Question. Please describe in some detail the current operation of the program. How does it work, from filing a claim through disposition of the house?

Answer. The Homeowners Assistance Program (HAP), Public Law 89-754, Section 1013, as amended, authorizes the Secretary of Defense to provide financial help to eligible homeowners serving or employed at or near military installations which were ordered closed or partially closed, realigned or ordered to reduce the scope of operations. The Department of the Army acts as executive agent for all military departments. But before the benefits can be paid, certain conditions must be met.

The program is designed to assist eligible military and civilian employee homeowners in situations when the real estate market is adversely affected by the closure of, or by reduction in the scope of operations at a military base or installation. Also, there must be a decline in the market value of the eligible employee or service member's home which can reasonably be shown to have been caused by the closure. The homeowner must make a reasonable effort to sell the property.

The program encompasses DoD military and civilian personnel as well as affected personnel of other Federal agencies. It does not cover temporary employees serving under a time limitation, nonappropriated fund employees, or independent contractors and their employees.

Benefits include: (1) Payment of partial compensation for losses sustained in the private sale of a dwelling; or (2) payment of the costs of the judicial foreclosure of a mortgage; or (3) purchase of a dwelling by the Government, as appropriate.

It is policy to make settlements as rapidly as possible, with minimum expenditure of time and money for administration. Care will be exercised to preclude (1) payment of excessive or fraudulent claims, and (2) windfalls.

Immediately upon announcement at DoD level or locally of a closure or reduction action, the U.S. Army Corps of Engineers District Office (District) will assess the action to determine the probability of a HAP.

Upon a general assessment of HAP, the Engineer Division/District will provide an overview of the HAP application process to base housing personnel or other elements designated by the base commander. The Division/District will proceed to obtain and assemble market data on the pre-closure real estate market. An Installation Closure Potential Impact Report (PIR) is then prepared and furnished to Headquarters, U.S. Army Corps of Engineers (HQUSACE) within 60 days from the date of public announcement.

The PIR is then reviewed by HQUSACE. There are four possible responses to the PIR. They include an affirmative finding, a negative finding, monitor the situation or need additional information.

Upon an affirmative finding, the Division/District will proceed to a final impact study. This is a more detailed study. Additional real estate market data is obtained and assembled. Sources of sales data include the Board of Realtor's Multiple Listing Services, local realtors, mortgage brokers, assessment officers, county courthouse records and public officials and base personnel.

Information is obtained relating to the socio-economic effect to the community. The purpose of this data gathering process is to determine if there has been an economic impact caused by the base closure.

The final market impact study is reviewed by HQUSACE. They respond to it in the same manner as the PIR. Upon an affirmative finding of the necessary market impact, the Director of Real Estate will direct the Division/District to implement HAP at the installation.

At that time applications are accepted by the District. The application is reviewed for eligibility requirement then processed accordingly. Applicants will then accept, appeal or withdraw their application depending upon the outcome of the decision concerning eligibility and/or benefits. The District in turn, will pay the benefits, purchase the home, withdraw the application or process the appeal. If the property is purchased by the Government, the property is transferred to HUD/FHA on the date title vested in the United States. HUD subsequently maintains, manages and disposes of these acquired homes.

Appeals are processed from the District to the Division and then to Headquarters, Department of the Army, Office of the Chief of Engineers (OCE). Any written objection by an applicant to a decision made on his case or to an offer of benefits will be considered to be an appeal. A determination will be made at each level whether or not favorable action can be taken. If favorable action cannot be taken, the appeal will be forwarded by the OCE to the Assistant Secretary of the Army for Installations, Logistics & Environment (ASA-ILE) for further review and a final decision.

Question. Please supply for the record a list of installations from which homeowners claims are currently pending.

Answer.

A. HAP current program:

(1) Dyess AFB, TX—concluding, winding down, except a new realignment is being considered.

(2) Minot AFB, SD—concluding.

(3) Columbus AFB,—concluding.

(4) Laughlin, TX—Impact study in review.

B. Announcement December 29, 1988:

(1) Chanute AFB, IL—Implemented.

(2) Pease AFB, NH—Impact study in review.

Question. What steps are being taken to utilize the private sector in the administration of the Homeowners Assistance Program in those instances where it is demonstrated to be cost-effective?

Answer. The U.S. Army Corps of Engineers, Baltimore District, is currently in the process of contracting for a feasibility study to determine whether contracting out administration of the HAP would be cost effective. Upon receipt of the study, a determination will be made as to contracting out portions of HAP.

Question. Will the Homeowners Assistance Program meet actual requirements throughout Fiscal Year 1991, including those related to base closure?

Answer. The HAP is budgeted for normal HAP costs in Fiscal Year 1991. Those installations targeted by the Base Closure Commission for closure or realignment in the December 29, 1988, announcement have been budgeted for Fiscal Year 1991 in the Base Closure Account. If installations listed as potential candidates for closure or realignment announced January 29, 1990, come to fruition, Fiscal Year 1991 will be underfunded and HAP will require a supplemental appropriation or transfer authority in Fiscal Year 1991. Hence, it is highly probable that the HAP will not meet potential program requirements at its current funding level.

HOUSING DEFICITS

Question. What is the current worldwide housing deficit for each service?

Answer. The Services project the following approximate housing deficits:

Deficits

	Units
Army	10,400
Navy	55,000
Marine Corps	5,000
Air Force	48,850

Question. Where are the three largest deficits for each service, and how large are they?

Answer. The Services three largest deficits and the location follow:

	Deficits	Location
Army	5,498	MDW.
	3,463	Consol Hsq Ofc, HI.
	1,490	Fort Bragg, NC.
Navy	7,508	San Diego, CA.
	3,778	Washington, DC.
	3,686	Norfolk, VA.
Marine Corps	3,000	Camp Pendleton, CA.
	1,500	MCAS, El Toro, CA.
	800	MCAGCC, 29 Palms, CA.
Air Force	5,899	Kadena AB, Korea.
	2,318	Crotone, Italy.
	2,124	Clark, AB, RP.

Question. Where are the three most expensive deficit locations for each service, based on the payment of housing allowance?

Answer. The three most expensive deficit locations for the Services are:

Army [1]	Hawaii.
	MDW.
Navy	San Francisco, CA.
	Los Angeles, CA.
	Port Hueneme/Point Mugu, CA.
Marine Corps	Camp Pendleton, CA
	El Toro, CA.
	Twentynine Palms, CA.
Air Force	Eielson AFB, AK.
	Hanscom AFB, MA.
	Bolling AFB, DC.

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[1] Only two locations stand out as high-cost for the Army.

CONTRACT CLEANING

Question. Submit for the record a table which will show the number of units for which contract cleaning funds are requested, the average cost per unit, and the total amount requested. This chart should separately identify CONUS and OCONUS locations, by service.

Answer. The Services have requested contract cleaning funds for OCONUS only as follows. The program will be phased out in the CONUS by FY 1991:

	Number of units	Total cost	Average cost per unit
Army	36,650	$8,108,000	$221
Navy	8,716	1,798,000	220
Marine Corps	268	59,000	220
Air Force	25,000	6,000,000	220

Question. Can you document savings for each contract cleaning expenditure?

Answer. Savings can be documented only at overseas locations.

Question. Describe how the net savings occur, especially within the United States?

Answer. Net savings occur within the United States only if a dollar value is placed on the Service members' time. Reduced Temporary Lodging Allowances account for net savings overseas.

Question. Are Alaska and Hawaii being treated differently than the contiguous states for phase-out of contract cleaning?

Answer. Yes, Alaska and Hawaii are being treated differently than the contiguous states, i.e., contract cleaning will continue to be authorized. Soldiers assigned to these locations are authorized Temporary Lodging Allowances (TLA), and therefore, savings can be documented similar to foreign areas.

MILITARY COOPERATIVE HOUSING

Question. Bring us up to date on programs for military cooperative housing, such as the Army's "Soldier Housing and Retirement Equity" program and the Navy's "Program for Equity and Cooperative Housing."

Answer. A comprehensive feasibility analysis of military cooperative housing has been completed. The analysis indicated that the Soldier Housing and Retirement Equity (SHARE) program concept may be feasible and would be supported by service members and the private sector. The Army is currently in the process of establishing a project working group to review the findings of the feasibility analysis and to develop necessary documentation for a pilot project.

The Navy has not implemented a cooperative housing program. However, the Army's effort is being followed very closely.

AUTHORIZATION

Question. What items are you asking the Armed Services Committee to address this year in the area of family housing, as part of the authorization bill?

Answer. The following items have been submitted as part of the Authorization Bill for Family Housing:

Section 801. Long-Term Facilities Contracts: Extends the test of long-term facilities contracts program authority through Fiscal Year 1993.

Section 802. Index Cost Ceiling for Family Housing in Foreign Countries: The proposal would index the cost ceiling (currently $20,000 per unit per annum) for family housing leases in foreign countries to annual inflation. Indexing will provide some stability in the Department's requirement for high cost lease authorizations. High cost lease authorizations all the Department to acquire housing in foreign localities where there is fierce competition for the few available units and adequate housing cannot be found at a lower cost.

Section 803. Family Housing Leasing in Foreign Areas: Increases the number of family housing units that may be leased at any one time in foreign countries to 54,225. Will help meet the Navy's requirements in Europe and Japan.

Section 804. Family Housing Rental Guarantee Program Authority Extension: Extends family housing rental guarantee program authorization through Fiscal Year 1991.

Section 805. Acquiring Options to Lease Real Property: Title 10 U.S.C., Section 2677 provides the authority for the Secretary of a military department to acquire an option on real property before or after its acquisition is authorized by law. This authority is limited to options for real property to be used for military construction projects. The Reserve and Recruiting Commands have lost the opportunity to lease desirable properties by being unable to execute an option prior to entering into the lease. The proposal would authorize the Secretary of a military department to acquire an option to lease real property when a military construction project is not needed. This would allow the military department to gain control over property it desires to lease while approval is being obtained. The cost of an option, if any, will be applied toward lease costs. Thus, no increased appropriations will be required.

Section 806. Financial Flexibility Test Program: This proposal was developed by the DoD Council on Integrity and Management Improvement working group convened to study reasons for the high cost of government construction. If would allow the Secretaries of the military departments to select one major command which would, for its bases, approve all construction projects with a cost not to exceed $5M, so long as the total amount authorized for construction projects at that command is not exceeded. Currently, each major military construction project (over $1M) must be authorized by Congress. Additionally, it would authorize one Navy Engineering Field Division and one Army District Engineer to manage all the military construction projects at one specified base within the total amount of all those projects. The Division or Engineer would be able to use cost savings from some projects accomplished, and to cover shortages from other projects without going back to Congress for approval. The Services would select the commands and bases that would run the tests, and determine the amount and content of the lump-sum packages.

Section 807. Impact Assistance for Areas Affected by the Whiteman Air Force Base B-2 Program: The DoD Office of Economic Adjustment completed its fiscal impact analysis for the basing of the

B-2 at Whiteman AFB, MO. The analysis shows that incoming Air Force related personnel and their families will significantly impact the communities surrounding Whiteman AFB. Approximately $5.0 million (FY 1991-$1.0 million and FY 1992-$4.0 million) in special impact assistance funding is needed so the communities can provide additional water and sewer, classroom space, roads and recreational facilities. The special impact assistance legislation will permit the Air Force to use MilCon funds for this purpose.

Section 808. Homeowners Assistance Program: The Homeowners Assistance program provides assistance to government civilian and military homeowners who suffer losses in the sale or attempted sale of their dwellings when transferred to another duty station, if such losses result from a depressed real estate market due to base closures or reductions in operations. The proposed legislation authorizes the Secretary to Defense to transfer funds from other available appropriations to the Homeowners Assistance Fund upon notice to the appropriate Congressional committees. The fund is not self-sustaining, requiring appropriated funds periodically to maintain its solvency. Revenues from the sale of homes is not always timely. The level of funding required to execute the program is dependent on the number of base closures, reductions in forces, reductions in operations, and initiation of commerical activities contracts. These actions are expected to increase in the near future, but it is difficult to forecaset the amount of such actions in any one year. Consquently, the fund is subject to great year-to-year variances and unforeseen demands that cannot be met through the normal budget cycle. Enactment of this legislation will enable the Secretary of Defense to overcome difficulties in budgeting for benefit payments under this program.

Section 809. Base Closures and Realignments: This proposal amend Section 2687 of Title 10, United States code, to enable the Department of Defense to close military installations. The amended Section 2687 language incorporates appropriate language from the original Section 2687 and from the Base Closure and Realignment Act (P.L. 100-526). Specially, the amended Section 2187 allows for congressional notification at any time; reduces wating time; establishes the DoD Base Closure Account permanently; delegates GSA property disposal authority to DoD; waives restrictive laws, including the National Environment Policy Act as it would apply to base closure decisions; and, require DoD, among other things, to evaluate the environmental impact of base closures.

SPACE LIMITATIONS FOR OFFICERS QUARTERS

Question. Why does the Department continue to seek waivers of space limitations established by Section 2826 of Title 10 of the United States Code, instead of asking the Armed Services Committee to increase the limitations across the boards?

Answer. The Department is developing data to see if we need to increase the limitations across the board. We recently asked the National Association of Homebuilders to compare quarters sizes for all grades of family and unaccompanied members with equivalent private sector housing. This comparison will use the same social and economic status for both groups. Study results should be available in June. The results should give us and the Congress a better feel of size requirements across the board.

Question. How many existing officers quarters exceed the statutory space limitations by service?

Answer. The Army has 332 general/flag officer quarters that exceed the statutory space limitations. These include a number of general officer's quarters maintained for other services overseas and in Hawaii.

The Navy flag officer inventory of 146 units averages 3,788 net square feet (NSF) per unit with 124 units exceeding the 2,100 NSF statutory limit.

The Marine Corps has 24 set of general officer quarters that exceed the 2,100 NSF.

In the Air Force, 222 of 325 general officers quarters units exceed the present statutory space limitations.

Question. Please submit for the record a table that will show how many general and flag officer quarters each service has, separately identifying CONUS and OCONUS locations, and showing the average maintenance and repair costs per unit.

Answer. The following table is submitted for the record:

	Number of G&FOQ's	Location	O&M cost per unit
Army	287	CONUS	(1)
	134	OCONUS	(1)
Navy	133	CONUS	$13,545
	13	OCONUS	13,784
Marine Corps	33	CONUS	24,771
Air Force	272	CONUS	11,493
	53	OCONUS	11,493

[1] Records reflecting maintenance and repair costs for Army were contaminated by the fire in the Pulaski Building and are not available at this time. Information will be submitted when records become available.

Question. Please submit for the record a table that will list all general and flag officer quarters improvement projects included in the fiscal year 1991 budget, showing the number of quarters and the amount requested for each installation.

Answer. Improvement projects for general and flag officer quarters for each Service follow:

	Number of G&FOO's	Amount requested	Installation
Army	1	[1] $10,000	Fort Leavenworth, KS.
Navy			
Marine Corps			
Air Force	1	124,000	Ramsteim AB, GE.

[1] This project is to be done concurrently with a repair project of $33,000 for a total cost of $43,000.

PROJECTS NO LONGER REQUIRED

Question. Are there any projects requested in the budget that cannot or will not be put under contract in fiscal year 1991, due to base closure, force reduction, or other reasons? If so, please provide a list of such projects (including family housing improvement projects).

Answer. Army—Only two projects in the fiscal year 1991 budget are affected by recent changes or possible base closure actions. The Ready Building requested for Border Camp May, Grafenwoehr, Germany, is no longer required due to recent events in Europe. The family housing improvement project at Fort Ord, California, will not be required if the proposal for closure of Fort Ord is finalized.

Navy—There are no family housing new construction projects that cannot be executed in fiscal year 1991. The following fiscal year 1991 family housing improvement projects will not be executed if it is decided to close these bases. These projects will be replaced by other critically need improvements:

[Dollars in thousands]

Location	Units	Cost
PWC San Francisco, CA	560	$1,615.7
PWC San Francisco, CA	260	614.1
PWC San Francisco, CA	30	505.8
NS Philadelphia, PA	200	3,807.8

Air Force—The following military family housing projects would be affected if the current recommended list of installations are closed or realigned as announced on 29 Jan. 90:

[Dollars in thousands]

Prgm type and location	Units	Cost
Improvement—Eaker AFB, AR	207	10,169
Improvement—Bergstrom AFB, TX	46	1,729
Improvement—Myrtle-Beach AFB, SC	130	6,459
Construction—Myrtle-Beach AFB, SC	([1])	258
Total		18,615

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[1] Housing office.

EAKER AFB, ARKANSAS

Question. General Ahearn, please bring us up to date on the current status of the improvement project for 828 Capehart housing units at Eaker Air Force Base in Blytheville, Arkansas?

Answer. The Improvement project for the 828 Capehart housing units at Eaker Air Force Base consists of 5 phases. The first phase to improve 246 units had a programed amount (PA) of $8,925,000. The project was awarded on 25 Aug. 89 for $7,105,832 and is currently 8% construction complete. Phase II (207 units, $10,169M), Phase III (188 units, $9,942M) and Phase IV (187 units, $11,960M). Phase II is scheduled for execution beginning in FY 92.

Question. Has work on this project been delayed as a result of the Secretary's announcement of candidates for base closure?

Answer. This project has not been delayed due to the Secretary's announcement of the candidates for base closure. Phase II is scheduled to start in FY 92 to minimize the impact of displacing an excessive number of families during construction.

PRESIDIO OF SAN FRANCISCO, CALIFORNIA

Question. What is the current status of any plan to lease back family housing units at the Presidio of San Francisco from the Department of Interior?

Answer. As directed by House Report 101-345, the Army is working with the Department of Interior on the provisions of the House Report. Appropriate studies will be undertaken in conjunction with the National Park Service future plans for the Presidio.

BOLLING AFB, WASHINGTON, D.C.

Question. General Ahearn, your maintenance and repair budget includes a project for six general officer quarters at Bolling AFB, for $282,000 apiece. Submit for the record your economic analysis of this project. Is this strictly repair and maintenance work, without improvement, expansion, or enhancement?

Answer. The project for the six general officer quarters at Bolling AFB is strictly maintenance and repair work without improvement, expansion, or enhancement. Work to be accomplished is extensive and will completely fix a variety of serious problems within the quarters. Deteriorating roofs and windows will be replaced. Sunrooms will be rebuilt. New drywall ceilings and walls will replace the existing unsafe original plaster. The electrical system will be replaced with a system up to current National Electric Code requirements. A new central heating, ventilation, and air conditioning (HVAC) system will replace the three existing systems (radiant heat, resistor heat, and forced air A/C). The exterior groundwater drainage system will be replaced, and the mortar in the exterior brick will be repointed. Upon completion of these repairs, no further major maintenance will be required for the next 20 years. The results of our economic analysis are as follows: The most efficient method for this maintenance and repair project is to revitalize each unit under the whole house concept at a cost of $282,000 per unit. As opposed to the cost to perform the work in 5 phases in each quarters, over several fiscal years totaling $305,000 per unit. Replacement cost would be $369,000 per unit.

NAVAL DISTRICT OF WASHINGTON, D.C.

Question. Admiral Bottorff, your maintenance and repair budget includes a project for five flag officer quarters at Naval District of Washington, D.C., for a total of $1.9 million. Within this total, $1.1 million is for historic preservation costs. Please describe this element of the cost in some detail.

Answer. The $1.1 million historic preservation costs are required to maintain the historic integrity of the units. The historic work includes: historic architectural features; all exterior work; and interior work that impacts historic integrity, or would result in serious damage or loss of the unit, such as electrical wiring.

Question. What could be accomplished at these five quarters for $800,000, that is, without funding the historic preservation costs?

Answer. The historic work is integral to the project, required to properly maintain the homes, prevents further deterioration, and none of the work can be accomplished without maintaining the historic elements of the units.

MOUNTAIN HOME AFB, IDAHO

Question. General Ahearn, you have a 432 unit family housing project at Mountain Home AFB, Idaho, to be financed in 1991 under the Base Closure Account at a cost of $38.3 million. What is the current housing deficit at Mountain Hme AFB, and what is the projected deficit upon completion at the George AFB closure?

Answer. The Segmented Housing Market Analysis, dated September 1989, indicates a deficit of 1102 units. The majority of this deficit will be satisfied by constructing 432 units through a MILCON project and 470 units through a build lease project.

ROCK ISLAND, ILLINOIS

Question. General Offringa, your maintenance and repair budget includes a project for two general officer quarters at Rock Island, Illinois. One unit is 8,754 square feet and the other is 21,965 square feet. The justification notes that there is an alternative of building replacement general officer quarters and converting the existing building to a multi-family residence or some other purpose. Have you explored this alternative?

Answer. We have conducted preliminary investigations to determine alternatives that are feasible and cost effective. In all alternatives, retention of the building as family quarters is the best option, because of the high costs to convert the buildings to other use. We will continue to investigate other possible uses for the buildings which will not cause an adverse impact on these historic structures. The proposed projects perform essential repairs to the exterior that are required to protect the structure and prevent safety hazards.

FORT BRAGG, NORTH CAROLINA

Question. General Offringa, please bring us up to date with the current status of the Section 801 project at Fort Bragg.

Answer. The Fort Bragg inventory of family housing consists of 48,839 on-post units. Based on a review of adequate and affordable housing in the Fort Bragg area, the Army had identified a requirement for additional AFH housing. Two Section 801 Build-To-Lease projects totaling 450 units (250/200) are being developed to reduce this deficit. Following is a milestone schedule for the proposed projects:

Select Two Sites—April 1990.
Submit Economic Analysis—May 1990.
Issue Requests for Proposals—June 1990.
Receive Proposals—September 1990.
Complete Evaluation of Proposals—December 1990.
Congressional Notifications—December 1990.
Award Contracts—January 1991.

WHITEMAN AFB, MISSOURI

Question. What is the total family housing requirement connected with the B-2 beddown at Whiteman AFB, Missouri, and how do you plan to meet this requirement?

Answer. Due to the proposed force structure changes and the pending beddown of the B-2 program at Whiteman AFB, the requirement for a 625 unit build lease project is no longer needed. The project was cancelled. Another Housing Market Analysis (HMA) is being conducted to determine the long range requirements. The HMA should be completed by the end of June 1990. If a requirement exists, another Section 801 project will be pursued in the earliest appropriate budget cycle.

Question. What is the current status of the Section 801 project at Whiteman AFB?

Answer. The solicitation for the 675 unit project, was cancelled on 9 January 1990 due to force stucture changes.

CROTONE, ITALY

Question. What is the timetable for construction of family housing at Crotone, Italy?

Answer. The timetable for the construction of Air Force family housing at Crotone follows:

Design award	Dec. 1990
Contract award	Oct. 1991
Beneficial occupancy date	Aug. 1994

Construction will be performed in three phases allowing one year for each phase. Dates are optimistic.

Question. When is the first repayment for this housing programed?

Answer. After construction is complete in August 1994 (estimated).

Question. do you still foresee interest-free, inflation-free repayment over a ten year period, in the NATO Infrastructure account?

Answer. Yes. The current proposal is to repay NATO from individuals housing allowances. The 10 year repayment period is current.

PHILIPPINES

Question. Are you taking any action to reduce the number of personnel on command-sponsored accompanied tours at Clark Air Base and at Subic Bay?

Answer. Neither the Navy nor Air Force have plans to reduce the number of personnel on accompanied tours at these locations. However, because of the continuing political unrest in the Philippines, the situation is being closely monitored.

Question. What else can you do to download the family housing requirement in the Philippines and get our dependents inside the fence?

Answer. The Navy could require dependent entry approval. However, such a policy would result in increased bachelor housing requirements, negative impact on readiness as members opt for shorter unaccompanied tours, and reduced morale due to length of family separations. The Air Force has no other plans at this time.

Question. What is the family housing deficit at Clark and Subic Bay?

Answer. The projected deficit at the Naval Base, Subic Bay, Philippines, is 1,300 units and the housing deficit for Air Force families at Clark AB is 2,124 units.

Question. What is your plan for reducing this housing deficit, with uncertainly about renewal of base rights?

Answer. The Navy is in a holding pattern and will program for housing when base rights negotiations are settled.

The Air Force will complete the current new construction and improvement projects which will provide 1198 units. We will not pursue any additional projects until the base rights issue is resolved.

TORREJON AB, SPAIN

Question. What is your timetable for vacating the leased family housing units at Torrejon Air Base?

Answer. Current plans are to begin a phased draw-down at Torrejon Air Base in January 1992. The draw-down is scheduled to continue through the first quarter of 1997.

Question. What is the current status of negotiations on closing costs and on the lease termination agreement?

Answer. The leases at Torrejon AB are year to year leases. Our only exposure for termination costs is to return the units to the same state of condition as when the lease began at the beginning of the year. Termination costs are being negotiated with the Spanish entrepreneur for the 858 leased units. The best estimate is $240 thousand termination cost, based on historic change of occupancy maintenance expenditures.

SOLAR ENERGY DESIGNS

Question. Have you studied the feasibility of solar energy designs for family housing?

Answer. Consistent with Title 10 CFR 436, the feasibility of solar energy design is studied for all family housing projects. Study methodology varies between the Services. These include a whole-house energy and economic studies approach; detailed Department of Energy retrofit studies; and an established energy calculation procedure designed to determine the most effective residential energy design solution.

Question. Have you incorporated solar energy designs in any projects: If so, how have these systems performed to date?

Answer. Passive solar type systems, such as building orientation and shape, window size and location, interior zoning and window glazing have proven to be the most cost effective in energy savings. Thus, this type system is routinely considered and incorporated in projects where determined to be life cycle cost effective.

Question. What obstacles exist to using solar energy designs in family housing projects, in cases where it would be cost-effective over the life cycle of the project?

Answer. Both active and passive solar technology is highly dependent on building orientation as well as climate. Siting for family housing is usually constrained so that it is not always possible to optimize the solar orientation of family housing units.

[CLERK'S NOTE.—End of questions submitted by Chairman Hefner.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Thomas.]

FAMILY HOUSING, KINGS BAY, GEORGIA

Question. The Department of the Navy has a long-standing commitment to allow the private sector to provide for the housing needs of the sailors at Kings Bay whenever feasible. As such, what are the long-range plans for additional on-base family housing construction at Kings Bay?

Answer. The Navy has no plans to program any additional on-base family housing construction at Kings Bay.

Question. In the next few weeks, we expect to receive the final results of the housing study at Kings Bay being conducted by the Office of Economic Adjustment with participation by the Navy. If the study concludes that community development of housing will meet the Navy's future requirements, will the Navy consider utilizing the 801 leasing construction appropriations?

Answer. As stated above, the Navy has no plans to build on-based housing. Our plan is to review the results of the Office of Economic Adjustment, OEA, study and monitor with great interest the private sector's efforts to fulfill the Kings Bay community housing needs, especially those of our lower graded military members.

SECTION 801 HOUSING—FORT STEWART, GEORGIA

Question. Just recently, the Army Corps of Engineers disqualified one of the prospective sites for 200 family housing units which are to be built off-post at Ft. Stewart, Georgia under the 801 housing program. It was determined that the site was predominantly wetlands and, therefore, would not receive the necessary permit for construction. In light of that disqualification, can you please provide for the record a status report on site selection for this project and when you expect construction to begin?

Answer. The Army is currently looking at a primary site and one alternative and we expect to have an option signed by July 1990. Construction would be expected to begin in September of 1991.

HUNTER ARMY AIRFIELD, GEORGIA

Question. I understand that the Department of the Army has plans to request $240,000 to construct General Officer's quarters at Hunter Army Airfield in Savannah, Georgia in FY 1992. Can you tell me if this project is still scheduled for inclusion in next year's budget request?

Answer. The Army has included this project in its fiscal years 1992–1997 program. However, the specific amount and the fiscal year in which the project would be requested are not known at this time.

[CLERK'S NOTE.—End of questions submitted by Mr. Thomas.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Fazio.]

SURPLUS FACILITIES

Question. Recognizing that U.S. troop levels and the number of military dependents in Europe will be drastically declining over the next several years, has the Department (DoD) looked closely at the number of constructed and leased family housing units to see if other U.S. government agencies can utilize these facilities?

Answer. The Services are looking closely at overseas base closings within the framework of the NATO Status of Forces Agreement.

As U.S. forces in Europe are drawn down as a result of a Conventional Forces Treaty, the Army will be able to close or modify some U.S.-operated facilities. The Army is now in the process of identifying those forces and determining which installations and facilities will be affected. Under procedures established by the NATO Status of Forces Agreement, release of federally owned property must be processed through the appropriate German channels. When a facility is identified as excess, thirty days' notice is given to all DoD agencies in country to determine if it is needed. Then the Commander in Chief notifies the Ministry of Finance for disposal action. Other Departments must negotiate directly with the German Ministry of Finance for use of any available facilities.

HQ USAF Europe is pursuing the most economical means of utilizing AF assets at closure bases, to include investigating use of these assets by other DoD agencies.

ENERGY CONSERVATION

Question. In planning for the construction of family housing, unaccompanied enlisted personnel, and other base facilities, do the Services incorporate energy conservation technologies into the design of these facilities?

Answer. Yes, in accordance with Title 10 CFR and the Federal Energy Management Improvement Act of 1988, energy conservation technologies are incorporated into the design of the Services facilities. Alternative technologies are selected based on life cycle cost analysis.

Question. Do the Services have any facilities that rely on renewable energy as the primary source of energy?

Answer. Yes. Heating plants at Fort Stewart, Red River Army Depot and Fort McCoy are examples of Army facilities that rely on renewable energy as the primary source of energy. Geothermal district space heating is a primary energy source at Naval Station, Keflavik, Iceland and geothermal electricity at Naval Weapons Center, China Lake, CA.

Question. Do any facilities employ solar energy technology, such as photovoltaic technology, to supplement "traditional" power supplies, or to serve as the primary energy source?

Answer. Army facilities employ this technology as a supplement to "traditional" power supplies and also as a primary source of energy at some facilities. Many active and passive types of solar heating systems are also used.

Small photovoltaic and wind systems are used to replace conventional petroleum based generating systems at Navy and Marine Corps facilities.

The Air Force finds passive solar type systems to be the most cost effective in providing energy savings. These include such measures as unit orientation, building shape, window size and location, exterior surface colors, solar aperture design, etc.

Question. Solar water heating is a well-established, cost-effective technology. Do any facilities employ solar water heating systems? If not, what are the obstacles to incorporating these systems into the standard design of facilities?

Answer. Solar water heating systems are employed in family housing. However, there are several obstacles to incorporating these systems into the standard design of family housing, i.e., the cost effectiveness of solar systems as related to life cycle costs at current fuel prices in different areas of the country. There is also the problem of unsuitable roof orientation, too few high degree days to properly heat the system and high solar system maintenance cost.

Question. Is there any current program from which the Services have used funds to explore the use of renewable energy technologies at military installations? What studies, if any, have the Services conducted in this area?

Answer. The Army, Navy and Marine Corps have programs to demonstrate and evaluate the use of renewable energy technologies. Studies have been conducted on wood-burning boilers, fuel cells, geothermal, photovoltaic energy, energy storage systems and wind systems. Geothermal exploration is currently underway at Naval Air Station, Fallon, NV, Marine Corps Air Ground Combat Center, 29 Palms, CA, and Naval Weapons Center, China Lake, CA.

[CLERK'S NOTE.—End of questions submitted by Congressman Fazio.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Lowery.]

HOMEOWNERS ASSISTANCE PROGRAM

Question. Have the surveys to determine the effect of base closure on the local real estate markets been completed?

Answer. All preliminary surveys have been completed for those 86 military installations targeted for closure or realignment in the Base Closure Commission report as announced December 29, 1988.

Question. How many communities of the 86 identified were determined to have a negative impact on area economic conditions and a corresponding devaluation in home prices?

Answer. Of the 86 military installations identified in the December 29, 1998, announcement, a Homeowners Assistance Program (HAP) has been implemented at Chanute, AFB, Illinois. Impact studies are being reviewed concerning Fort Huachuca, Arizona and Pease AFB, New Hampshire. Ten military installations are being monitored.

Question. Has it been determined how many military and civilian employees in those communities own homes, how many rent and how many will be eligible for homeowners assistance benefits?

Answer. We have estimated the number of military and civilian homeowners that are eligible for HAP at the above mentioned impacted bases. We have relied on surveys and records to establish these estimates.

Question. What is the current estimate of the net costs associated with the homes to be disposed of through the Homeowners Assistance Plan? Does this include expenses incurred in marketing and managing the homes?

Answer. Total estimated program costs associated with the Base Closure and Realignment Act is $54 million (FY 90–95). Total program costs for HAP stemming from the January 29, 1990, announcement cannot be accurately developed at this time. With the increased emphasis on potential realignments and closures as a result of January 29, 1990, announcement costs may be double or even triple those experienced with the Base Closure and Realignment Act. The January 29, 1990, announcement encompasses proposals, and a final decision has not been made on these proposed actions. However, the announcement to realign or close an installation may trigger market impacts in some areas. The estimated program costs and forecasts include the expenses incurred in marketing and managing homes.

Question. When the final resale gain or loss is calculated, does it include costs of repairs, improvements, commission expenses, insurance, taxes and interest on mortgages held during the inventory?

Answer. The final resale gain or loss includes costs of commission expenses, maintenance and repairs, and taxes and interest on mortgages, and hazard insurance when the mortgage is assumed and such insurance is required by the mortgage. Our calculations are based on the purchase price plus expenses less the sales price.

Question. I believe it has been reported that it takes approximately one year for the Army to be reimbursed from the sale of homes. Typically, the longer a property remains on the market, the greater the chance of insuring a loss at resale. It appears to me, that losses could be especially significant in this case since affected military and civilian employees will be offered fair market value for their homes as determined prior to the base closure announcement, and before any negative effect on local economies and home prices are realized. What impact do you anticipate this will have on the funds returned to the revolving account?

Answer. The market conditions in the impacted area will affect the period of time to resale the property. If our projected revenue resulting from the sale of property does not materialize within the time estimated, a negative impact on funding additional HAPs will occur. The net result is requesting additional appropriated funds.

Question. How many people does the Corps currently employ to manage the acquisition portion of this program? How many additional employees will be necessary?

Answer. The Corps currently has 14 people assigned to work on the Homeowners Assistance Program (HAP). In connection with those installations targeted for closure and realignment on the December 29, 1988, announcement, 25 to 29 additional personnel have been requested to manage the acquisition portion of this program.

[Clerk's note.—End of questions submitted by Congressman Lowery.]

[CLERK'S NOTE.—The following information was requested at the DoD Policy and Strategy hearing on February 21, 1990. The material was received after that hearing went to press. That hearing is contained in volume V.]

PLANNING AND DESIGN

Question. Provide for the record a detailed project listing by Service of all projects included in the fiscal year 1991 planning and design request. This listing should include project scope or square footage, estimated cost, and estimated design cost.

Answer. The Fiscal Year 1991 planning and design funds will be used to complete design of the Fiscal Year 1992 Military Construction Program and initiate design on the Fiscal Year 1993 program. The Department is currently restudying the long range programs in light of the potential major force structure changes, base closures and realignment sites and candidates, Defense Management Review initiatives, and other fiscal considerations. Annual design fund requirements are based on budgeted total program costs and are not a summation of individual project cost.

The following projects are under consideration for Fiscal Years 1992 and 1993. They are subject to both change and deferral as we firm up the program composition and actual scopes and costs.

DEPARTMENT OF ARMY
FY 1991 MCA Planning & Design Funds
Projects For Which Final Design is Planned to be Obligated

STATE STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Alabama					
Anniston Army Depot	ATACMS MAINT FAC		LS	5,380	160
Fort Rucker	FAC FOR D CO 229TH	62,345	SF	13,760	410
Redstone Arsenal	AMMO HDLG INSTR FAC (MMCS)	93,400	SF	6,910	200
Alaska					
Fort Greely	BARRACKS - ALT	171	PN	7,070	210
Fort Wainwright	BATTLE SIM CTR (LID)	12,000	SF	3,010	90
Fort Wainwright	UNIT CHAPEL (LID)	11,200	SE	2,870	80
Arizona					
Fort Huachuca	IRETS RANGE	1	EA	1,130	30
Fort Huachuca	NCO ACADEMY	56,420	LS	2,210	60
Fort Huachuca	Vehicle Maint Shop-Org	20,141	SF	3,300	90
Arkansas					
Pine Bluff Arsenal	AMMO DEMOL FAC (CHEMICAL)	61,939	SF	16,200	480
Pine Bluff Arsenal	CHEM DEMIL SUPT FAC	17,249	SF	5,090	150
California					
Fort Irwin	TAC EQUIP SHOP	5,422	SF	1,530	40
Fort Irwin	Battery Shop	3,000	SF	640	10
Oakland Army Base	EXTEND SPRINKLER SYS	253	BX	790	20
Sierra Army Depot	AMMO SURVEILLANCE WKSHOP	1	SF	2,050	60
Colorado					
Fizsimmons Army Medical Ctr	PHYSICAL FITNESS CENTER	21,000	SF	2,980	80
Fort Carson	RANGE CONTROL COMPLEX	32,500	SF	3,570	100
Fort Carson	FLIGHT SIMU FAC ADDN	11,800	SF	1,820	50
Fort Carson	INFO SYS FAC	76,000	SF	7,630	220
Pueblo Depot Activity	MUNITIONS DEMIL COMPLEX	122,770	SF	35,870	1,070
District of Columbia					
Walter Reed Army Medical Ctr	ARMY INST OF RESEARCH	330,000	SF	6,830	200
Georgia					
Fort Benning	UPGDE CAMP DARBY FACS	7,650	SF	1,550	40
Fort Gordon	SOLDIER SERVICE CENTER	105,000	SF	8,770	260
Fort Stewart	AUTOMATED RECORD FIRE RANG	1	EA	790	20
Fort Stewart	AVN BDE ORG VEH MNT SHOP	25,322	SF	4,570	130
Germany					
Germany Various	POL OPN STG-SICKELS	17,171	SY	3,380	100
Germany Various	CHILD CARE CTR-ILLESHEIM	11,535	SF	1,850	50
Germany Various	FAC MOD PH II-RHEINLAND	20,627	SF	8,120	240
Germany Various	USACID MOD/ADDN-FRKFRT	38,106	SF	4,140	120
Germany Various	CHILD CARE CTR-AMBERG		LS	1,270	30
Germany Various	AVUM HANGAR-COLEMAN	243,514	SF	8,790	260
Germany Various	RELIGIOUS EDUCATION CENTER	12,185	SF	1,680	50
Germany Various	CHILD CARE CTR-PLATEN		LS	1,270	30
Germany Various	CHILD CARE CTR		LS	3,440	100
Germany Various	EMER DEFUEL/TEST FAC-FISCH	12,228	SF	930	20
Germany Various	RG 307 MOD-GRAFENWOEHR	1	EA	3,000	80
Germany Various	RG 311 MOD-GRAFENWOEHR	1	EA	5,550	160
Germany Various	OPERATIONS BLDG-INSCOM	8,400	SF	1,030	30
Germany Various	UPGRADE SEWER-HONENFELS		LS	8,740	260
Germany Various	CMTC ORG & DS MAINT BLDG		LS	8,030	240

DEPARTMENT OF ARMY
FY 1991 MCA Planning & Design Funds
Projects For Which Final Design is Planned to be Obligated

STATE ----- STATION -------	Project Description -------------------	Scope -----	Unit Meas ----	Estimated Cost ($ 000) ---------	Estimated Design Cost ($ 000) ----------
Germany					
Germany Various	SUPPORT MAINT WH-HOHENF		LS	2,280	60
Germany Various	VEHICLE MAINTENANCE SHEDS		LS	6,030	180
Germany Various	AVIM PAINT SHOP-COLEMAN		LS	4,300	120
Germany Various	UTILITIES SUPPORT		LS	4,610	130
Germany Various	WATER HAZARD TRAINING FAC	1	SF	3,960	110
Hawaii					
Fort Shafter	CHILD CARE CTR	14,800	SF	2,820	80
Hawaii Various	FIRE STATION PMO	8,750	SF	1,790	50
Schofield Barracks	SUPPLY SVC & ADMIN-WHSE	26,000	SF	3,110	90
Illinois					
Charles M. Price Support Ctr	CHAPEL/CHILD CARE CENTER	19,922	SF	3,960	110
Indiana					
Newport AAP	MUNITIONS DEMILI COMPLEX	28,400	SF	18,570	550
Italy					
Italy Various	UTIL SYS REN-CP DARBY		LS	3,170	90
Italy Various	BARRACKS-ODERZO	44	PN	1,090	30
Italy Various	GYM MOD & ADD LIVORNO	1	SF	1,860	50
Italy Various	EXPAND COMBAT TRAIN THEAT		LS	1,210	30
Italy Various	SENIOR ENL PERSONNEL QUAR	72	PN	970	20
Japan					
Japan Various	DEH MAINT SHOP-TORII	29,850	SF	3,110	90
Japan Various	INDOOR FIRING RANGE-SAGAMI	5,330	SF	1,030	30
Kansas					
Fort Riley	MODIFIED RECORD FIRE RG	1	EA	1,760	50
Kentucky					
Fort Campbell	DINING FACS MOD	490	PN	2,990	80
Fort Campbell	MOD RECORD FIRE RANGE	1	EA	1,650	40
Fort Campbell	MAINT SHOP DS 561ST	70,271	SF	13,010	390
Fort Campbell	CHLOT/DECHLOR FAC	1	KG	530	10
Fort Knox	SEWAGE TREATMENT PLANT	6,000	KG	16,450	490
Lexington-Blue Grass Dep Act	MUNITIONS DEMIL COMPLEX	76,434	SF	39,510	1,180
Korea					
Korea Various	EXPAND "H" SHOP, CARROLL	125,095	SF	5,280	150
Korea Various	COMMUNICATION CEN-WALKER	5,855	SF	1,410	40
Korea Various	TACT MAINT FACILITY	71,000	SF	6,980	200
Korea Various	DEPMEDS WHSE-MERCER	32,000	SF	1,410	40
Korea Various	VEHICLE MAINT SHOP-DS	79,528	SF	8,480	250
Korea Various	DINING FACILITY	650	PN	2,440	70
Korea Various	ENLISTED BARRACKS	704	PN	12,630	370
Kwajalein					
Kwajalein Atoll	MODERNIZE UPH	130	PN	2,840	80
Kwajalein Atoll	UPGRADE POWER PLANT (ADDN)	10,000	KW	23,570	700
Kwajalein Atoll	COLD STORAGE	5,400	SF	8,430	250
Kwajalein Atoll	CHILD CARE CTR	5,600	SF	3,380	100
Kwajalein Atoll	MULTI CORROSION PREV	11,600	SF	4,720	140
Kwajalein Atoll	CONTROLLED HUMIDITY WHOUSE	73,248	SF	8,670	260
Kwajalein Atoll	Waste Management Facility	70,000	TN	7,500	220
Kwajalein Atoll	PHYSICAL SECURITY FAC	7,340	SF	2,690	80

DEPARTMENT OF ARMY
FY 1991 MCA Planning & Design Funds
Projects For Which Final Design is Planned to be Obligated

STATE STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Kwajalein					
Kwajalein Atoll	CHAPEL RLE ED CENTER ADDT	7,500	SF	2,120	60
Louisiana					
Fort Polk	DS MAINT SHOP-1ST BGDE	73,407	SF	9,850	290
Fort Polk	CENTRAL WASH FACILITY MOD	600	SF	820	20
Fort Polk	CONSOLIDATE TOE MAINT COM	92,533	SF	9,430	280
Maryland					
Aberdeen Proving Ground	QM CHM APPLIED INST	108,250	SF	11,690	350
Aberdeen Proving Ground	CHEM DEMIL FAC	1	SF	18,010	540
Aberdeen Proving Ground	UPGRDE VUL RANGE COMP		LS	3,960	110
Fort Meade	ADMIN FAC, USAFSC	1	SF	2,260	60
Fort Ritchie	SECURITY UPGRADE	3,426	SF	2,310	60
Fort Ritchie	PHYSICAL FITNESS CTR	24,348	SF	2,660	70
Massachusetts					
Fort Devens	DISTRIBUTION SYSTEMS	29,568	LF	1,410	40
Michigan					
Detroit Arsenal	ADP/COMPUTER CENTER	100,800	SF	19,730	590
Missouri					
Fort Leonard Wood	SOLDIER SERVICE CENTER	107,756	SF	9,140	270
New Jersey					
Bayonne Mil Ocean Term	OPER LIGHTING-LOTS 65&67	3,000	LF	1,100	30
Fort Monmouth	CHILD CARE CTR	62,070	SF	2,480	70
Fort Monmouth	SATCOM TEST/TRNG LAB	20,560	SF	6,060	180
New Mexico					
White Sands Missile Range	POTABLE WATER DEVELOPMENT	1,041	KG	3,970	110
New York					
U S Military Academy	REPL CONSOL ADMIN BLDG	33,500	SF	3,990	110
U S Military Academy	GARRISON CMDR HQ MOD	33,730	SF	6,550	190
North Carolina					
Fort Bragg	REL DIV BKS, BDE HQ/35TH S	10,000	SF	2,690	80
Fort Bragg	INF PLTN BATTLE COURSE	1	EA	1,690	50
Fort Bragg	CHAPEL CENTER	21,000	SF	2,490	70
Fort Bragg	VEH MAINT SHOP/16TH MP BDE	1	SF	4,710	140
Sunny Point Mil Ocean Term	CHASSIS STAGING AREA	116,550	SY	950	20
Oregon					
Umatilla Depot Activity	MUNITIONS DEMILI COMPLEX	119,370	SF	43,110	1,290
Puerto Rico					
Fort Buchanan	PHYSICAL FITNESS CTR	15,100	SF	2,200	60
Texas					
Fort Hood	ARF (CLEAR CRK),RNG	1	EA	1,520	40
Fort Hood	DOL MNT FAC, PH III	149,000	SF	20,760	620
Fort Hood	BKS REHAB/MOD 10000 BL-2AD	560	PN	12,440	370
Fort Sam Houston	ARMS BUILDING	6,888	SF	1,120	30
Fort Sam Houston	DMSET COMPLEX	1	EA	3,340	100
Fort Sam Houston	EXTEND WATER LINE	16,200	LF	960	20
Red River Army Depot	LOW COST STORAGE FAC		LS	890	20
Utah					
Dugway Proving Ground	MODERNIZATION BOQ/VOQ	325	PN	3,480	100
Dugway Proving Ground	PHYSICAL FITNESS CENTER	37,770	SF	2,730	80

DEPARTMENT OF ARMY
FY 1991 MCA Planning & Design Funds
Projects For Which Final Design is Planned to be Obligated

STATE STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Utah					
Dugway Proving Ground	LIFE SCIENCES LAB	44,056	LS	13,390	400
Virginia					
Fort A P Hill	UTIL & TRNG FAC PH II	30,000	SF	5,360	160
Fort Belvoir	DINING FACILITY-BELVOIR	800	PN	2,760	80
Fort Belvoir	GUNSTON ROAD EXTENSION	20,000	SY	2,060	60
Fort Eustis	MOD RIFLE RANGE	9	EA	1,330	30
Fort Lee	ENL BARRACK W/ADM & SUPP	328	PN	6,100	180
Fort Myer	PHYSICAL FITNESS CENTER	36,500	SF	3,760	110
Fort Myer	Vehicle Storage	4,320	SF	350	10
Fort Pickett	UPGRADE POL FACILITIES	160,000	GA	1,720	50
Fort Story	CHILD CARE CTR	5,600	SF	700	20
Washington					
Fort Lewis	CIDC FIELD OPERATIONS BLDG	16,635	SF	2,490	70
Fort Lewis	BN C&C ADDNS, ARTYS	18,756	SF	12,820	380
Fort Lewis	WATER TREAT PLANT	20,000	KG	2,920	80
Fort Lewis	HOT REFUELING POINT	350	GM	940	20
Fort Lewis	LAND ACQ-TRNG MANUVR-YFC	62,625	AC	17,690	530
Wisconsin					
Fort McCoy	CONSOLIDATED MAIN FAC	120,000	SF	15,890	470

DEPARTMENT OF ARMY
FY 1991 MCA Planning & Design Funds
Projects For Which Concept Design is Planned to be Obligated

STATE STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Alabama					
Anniston Army Depot	NEW EAST AREA BOILER	50	MB	3,660	160
Fort Rucker	CIDC FIELD OPERATIONS BLDG	8,486	SF	380	10
Redstone Arsenal	PHYSICAL FITNESS CENTER	21,000	SF	2,160	90
Redstone Arsenal	HUMAN DEVELOPMENT CENTER	11,250	SF	940	40
Redstone Arsenal	ASP/CSA TRAINING AREA	24,600	LS	2,330	100
Arizona					
Yuma Proving Ground	IMPROVE GUN POSITIONS	5	EA	3,860	170
Yuma Proving Ground	Target Recognition Range	1	EA	6,260	280
Arkansas					
Pine Bluff Arsenal	QUALITY EVALUATION LAB	32,072	SF	12,630	560
California					
Fort Hunter Liggett	BARRACKS W/O DIN -MOD	33,650	PN	2,690	120
Oakland Army Base	DEPLOYMENT STAGING AREA	58,080	SY	6,880	300
Sharpe Army Depot	HAZARDOUS CARGO TERMINAL	67,456	BL	7,450	330
Sierra Army Depot	RECREATION CENTER	4,144	SF	1,730	70
Colorado					
Fizsimmons Army Medical Ctr	FAC ENGINEER COMPOUND	23,900	SF	3,890	170
Fizsimmons Army Medical Ctr	Central Heat Plant	241	MB	5,670	250
Fort Carson	HELICOPTER PKG APRON	32,865	SY	4,380	190
District of Columbia					
Fort McNair	PHYSICAL FITNESS CENTER	21,000	SF	2,820	120
Georgia					
Fort Benning	Multipurpose SAW/MG Transi	1	EA	650	20
Fort McPherson	CHILD CARE CTR	19,060	SF	2,070	90
Fort Stewart	Fire Protection System	1	LF	8,480	380
Germany					
Germany Various	WAREHOUSE-TOMPKINS	51,000	SF	4,800	210
Germany Various	FAC MOD-BAMBERG	60,500	SF	7,730	340
Germany Various	TNG MGT TA-FRIEDWALD LTA		LS	6,600	290
Germany Various	WASHRACK - PFAENDHAUSEN	1	SF	2,490	110
Germany Various	TACT EQUIP SHOP-HARVEY	179,064	SF	6,500	290
Germany Various	CHILD CARE CTR-WARNER	15,400	SF	3,130	140
Germany Various	UTILITIES UPGR-ROSE AAF		LS	4,500	200
Germany Various	OPFOR APO/TRANS HOHENFELS		LS	920	40
Germany Various	UPGRADE RG 11-WILDFLECKEN		LS	6,880	300
Germany Various	WATER SUPPLY ADD-WILDFLECK	1	KG	660	20
Germany Various	AMMO STRG FAC-REUSSENDORFE	39,300	SF	6,500	290
Germany Various	Communications Center	6,600	SF	2,400	100
Germany Various	HARDSTAND-86-HOHENFELS	1	SY	6,970	310
Germany Various	BLSA-OPFOR-HOHENFELS	1	SF	940	40
Germany Various	PAVE TANK TRAIL-HOHENFELS	1	SY	1,690	70
Germany Various	TACT EQUIP SHOP-GIESSEN TA	1	SF	1,030	40
Germany Various	RG UPGD-TENNENLOHE	1	EA	3,720	160
Germany Various	AIRFIELD UPGD-HOHENFELS	1	SY	280	10
Germany Various	TACT EQUIP SHOP-GROSSAUHEI	17,335	SF	1,030	40
Germany Various	TACT EQUIP SHOP-ANDERSON	26,538	SF	940	40
Germany Various	COMPANY HQ-ANDERSON	1	SF	540	20
Germany Various	A/C MAINT HANGAR-DOLAN	28,600	SF	8,110	360

DEPARTMENT OF ARMY
FY 1991 MCA Planning & Design Funds
Projects For Which Concept Design is Planned to be Obligated

STATE ----- STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Germany					
Germany Various	UPGD RG 109-GRAFENWOEHR	1	EA	6,220	270
Germany Various	TANK TRAILS-HOHENFELS	1	SY	4,990	220
Germany Various	Trailer Holding Yard	1	SF	640	20
Germany Various	AIRFIELD UPGD-GRAFENWOEHR	1	SF	6,130	270
Hawaii					
Schofield Barracks	PHYSICAL SEC UPGRADE KUNIA	22	AC	5,130	230
Schofield Barracks	INSCOM SUP COMPLEX-PACIFIC	1	SF	1,880	80
Schofield Barracks	EFFLUENT DISPOSAL	3,200	KG	14,140	630
Schofield Barracks	CHILD CARE CTR	24,000	SF	4,050	180
Tripler Army Medical Center	CHILD DEV CTR,TAMC	24,000	SF	1,320	50
Indiana					
Fort Benjamin Harrison	Entomological Facility	2,100	SF	280	10
Fort Benjamin Harrison	CHILD DEVEL CENTER (62)	4,838	SF	940	40
Italy					
Italy Various	INDOOR RG-CP DARBY	1	SF	1,130	50
Italy Various	BARRACKS MOD-CP EDERLE	1	PN	3,960	170
Kansas					
Fort Riley	MODIFIED RECORD FIRE RANGE	1	EA	1,220	50
Fort Riley	BATTLE SIMULATION CTR	20,570	SF	2,690	120
Fort Riley	AUTO/CONSOL SUPPLY FA	124,698	SF	11,690	520
Kentucky					
Fort Campbell	PHYSICAL FITNESS CENTER	65,211	SF	6,610	290
Fort Campbell	NCO ACADEMY	112,354	SF	10,750	480
Fort Campbell	CAAF/SABRE IMPROV, PH-I	1	SY	4,710	210
Fort Knox	DINING FACILITY MOD-KNOX	735	PN	1,910	80
Fort Knox	BARRACKS MODERNIZATION	3,507	PN	3,860	170
Fort Knox	SUPPORT FAC ARMOR SCH IFV	67,164	SF	11,340	510
Korea					
Korea Various	BARRACKS-HUMPHREYS	288	PN	5,040	220
Korea Various	CLD STG PLT EXT-PSN ST-PIF	95,0C	CF	4,770	210
Korea Various	DINING FACILITY-NIMBLE	600	PN	1,790	80
Korea Various	DINING FACILITY-OWEN	600	PN	1,860	80
Korea Various	UNAC OFF HSG-HUMPHREYS	292	PN	3,770	160
Korea Various	DINING FAC	426	PN	2,540	110
Korea Various	UNIT OPERATIONS FAC	9,195	SF	1,680	70
Korea Various	VEH MAINT SHOP ORG	9,868	SF	1,630	70
Korea Various	TACT MAINT FAC-CASEY	16,990	SF	3,150	140
Korea Various	BARRACKS - GARRY OWEN	45	PN	2,420	100
Korea Various	DEPMEDS WHSE-HUMPHREYS	40,000	SF	2,750	120
Korea Various	BARRACKS-CASEY	1	LS	5,710	250
Korea Various	UPH	376	PN	8,200	360
Korea Various	AOE Barracks - Casey	1	PN	2,630	110
Korea Various	GEN PURPOSE WAREHOUSE	30,000	SF	1,960	80
Korea Various	TACT EQUIP MOD/ADDN-CASEY	50,000	SF	5,010	220
Kwajalein					
Kwajalein Atoll	Modernize UPH	100	PN	8,860	390
Kwajalein Atoll	Power Plant - Roi Namur	210,000	KV	27,340	1,230
Kwajalein Atoll	Solid Waste Incinerator	2,500	TN	4,240	190

DEPARTMENT OF ARMY
FY 1991 MCA Planning & Design Funds
Projects For Which Concept Design is Planned to be Obligated

STATE ----- STATION -------	Project Description -------------------	Scope -----	Unit Meas ----	Estimated Cost ($ 000) ---------	Estimated Design Cost ($ 000) -----------
Kwajalein					
Kwajalein Atoll	Fuel Containment Upgrade	25,000	KV	1,360	60
Louisiana					
Fort Polk	ROAD IMPR-LA AVE	105,890	SY	7,030	310
Fort Polk	TAC EQUIP SHOP 5TH AHB	22,012	SF	3,860	170
Fort Polk	Water Wells and Distributi	2,120	KG	2,820	120
Maryland					
Aberdeen Proving Ground	PHYSICAL FITNESS CENTER	50,000	SF	4,330	190
Aberdeen Proving Ground	SYSTEMS TECH ANAL FAC	50,000	SF	12,070	540
Fort Detrick	MED LOG BDG ADDN-BDG 1423	26,824	SF	2,740	120
Fort Detrick	ADD INCINERATOR CAPACITY	1	TN	3,860	170
Fort Meade	Cold and Dry Storage Whse	575,000	CF	5,840	260
Fort Ritchie	FIRE STATION (3-STALL)	11,465	SF	370	10
Harry Diamond Lab	LABCOM/HDL COMPUTER CTR	46,878	SF	9,030	400
Harry Diamond Lab	NCLR & HPM SURV RSRCH FAC	22,800	SF	6,410	280
Massachusetts					
Fort Devens	CIDC FIELD OPERATION	8,000	SF	1,500	60
Natick Rsch & Develmnt Ctr	EXPAND BLDG 36	15,000	SF	2,120	90
Natick Rsch & Develmnt Ctr	THERMAL TEST FACILITY	15,000	SF	1,650	70
Natick Rsch & Develmnt Ctr	Central A/C	350,000	SF	5,280	230
Michigan					
Detroit Arsenal	DETROIT ARSENAL	600	TN	1,670	70
Detroit Arsenal	Air Condition Bldg. 1	52,000	TN	940	40
Missouri					
Fort Leonard Wood	CIDC FIELD OPERATION BLDG	13,994	SF	1,540	60
New Jersey					
Bayonne Mil Ocean Term	FIRE HOUSE	8,400	SF	1,460	60
Bayonne Mil Ocean Term	SECURITY CONTROL CENTER	700	SF	690	30
Fort Monmouth	TRP UNIT ADMIN/MAINT FAC		LS	3,200	140
Picatinny Arsenal	ENERGETIC APPLIED PHYS LAB	13,660	SF	2,070	90
Picatinny Arsenal	SHAPED CHARGE TEST FAC	14,550	SF	3,960	170
Picatinny Arsenal	PROPELLANT SURVEILLANCE LA	7,100	EA	1,500	60
New Mexico					
White Sands Missile Range	RAIN HUMIDITY & SALT FOG	20,375	SF	2,370	100
New York					
Fort Drum	CONSOL POST SPT FAC-LID	121,734	SF	12,620	560
U S Military Academy	SEWAGE PLANT CAMP BUCHNER	500	KG	2,350	100
U S Military Academy	ASP CAT HOLLOW	8,000	SF	1,880	80
North Carolina					
Fort Bragg	VEH MAINT SHOP/782D MAINT	97,148	SF	21,690	970
Fort Bragg	VEH MAINT SHOP/25TH SIG BN	42,438	SF	6,970	310
Fort Bragg	Medical Lab/USAJFKSWCS	26,700	SF	3,720	160
Panama					
Panama Area	CONSOLIDATION FACILITIES	20,000	PN	3,770	160
Pennsylvania					
Letterkenny Army Depot	AMMO TRK BLOCK/LOAD FAC	10,600	SF	2,840	120
Letterkenny Army Depot	HAZARDOUS MATERIAL WHSE	53,000	SF	3,300	140
Letterkenny Army Depot	CHILD CARE CTR	8,334	SF	1,070	40
Letterkenny Army Depot	Enlisted Barracks DAS	80	PN	3,670	160

DEPARTMENT OF ARMY
FY 1991 MCA Planning & Design Funds
Projects For Which Concept Design is Planned to be Obligated

STATE STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Puerto Rico					
Fort Buchanan	CHILD CARE CTR	15,400	SF	2,150	90
South Carolina					
Fort Jackson	CIDC FILED OPERATIONS BLDG	12,101	SF	1,210	50
Texas					
Fort Bliss	TACT EQUIP SHOP	115,405	SF	8,120	360
Fort Hood	REHAB BKS 10000 BLK,2AD	672	PN	10,370	460
Fort Hood	AVIM/AVUM 2AD CAB (HAAF)	64,900	SF	14,140	630
Fort Sam Houston	DINING FACILITY MOD/B-1377	1,650	PN	2,070	90
Fort Sam Houston	UNIT CHAPEL-DODD FIELD	11,200	SF	2,960	130
Fort Sam Houston	FIRE STATION:3VEH/1CO-BULL	8,000	SF	790	30
Fort Sam Houston	ADP FACILITY	97,487	SF	8,730	390
Red River Army Depot	EXPANSION OF SEL-WEST	36,880	SF	4,050	180
Red River Army Depot	HYDRAULIC SHOP ALTERATION	6,750	SF	680	30
Red River Army Depot	Vehicle Test Track Mod	1	EA	2,020	90
Red River Army Depot	HAZARD MATERIAL STOR FAC	1	SF	2,990	130
Virginia					
Fort Belvoir	CIDC FIELD OPERATIONS BLDG	9,600	SF	1,530	60
Fort Belvoir	HEAT PLANT-OIL RENOVATION	37	MB	4,240	190
Fort Eustis	AVUM HANGAR	44,691	SF	6,200	270
Fort Eustis	MARINE MAINTENANCE FAC	11,600	SF	7,730	340
Fort Lee	AUTO SUPPLY TNG FAC	140,150	SF	11,310	500
Fort Lee	ENLISTED DINING FACILITY	1,000	PN	3,060	130
Fort Lee	ENL BARRACK W/ADM & SUPP	328	PN	6,210	270
Fort Monroe	COMMAND & CONTROL FACILITY	189,010	SF	34,430	1,540
Fort Myer	FORCES SUPP/OPS (ADM) FAC.	157,200	SF	9,260	410
Fort Myer	Reno & Mod EM BKS-246	162	PN	3,110	130
Fort Pickett	MULTI PURPOSE TNG RANGE	1	EA	7,540	330
Vint Hill Farms Station	BARRACKS MODERNIZATION	120	PN	1,030	40
Vint Hill Farms Station	CHILD CARE CTR	6,375	SF	820	30
Washington					
Fort Lewis	VEH MNT SH ORG&DS CHAP	33,990	SF	5,560	250
Fort Lewis	VEH MNT SH ORG 1/4	52,602	SF	14,180	630
Wisconsin					
Fort McCoy	ELEC POWER TO RANGES	8	KV	280	10
Fort McCoy	POST CHAPEL	9,240	SF	1,500	60
TOTAL		8,525,250		1,450,670	52,470

DEPARTMENT OF NAVY

PROJECT DESIGNS WHICH REQUIRE FY91 MCON FUNDING BASED ON THE CURRENT PROGRAM AND SUBJECT TO CHANGE

Year	ST/CTY	Location/Installation	PNO	Description	Quantity	UM	Cost	Design $
1992	BA	Bahrain Island ADMINSUPU	800	Communications & OPCON Center	4710	SF	1300	65
1992	CA	Argentia NFD	097	Sewerage System	0	LS	2900	145
1992	CA	Argentia NFD	126	Potable Water Treatment Facility	0	LS	1300	65
1992	CU	Guantanamo Bay NS	381	Waterfront Operations Building	11000	SF	2850	143
1992	GU	Guam NAVCAMS WESTPAC	237	Fire Protection System	0	LS	690	35
1992	GU	Guam PWC	212	Oil Spill Prevention	0	LS	670	34
1992	GU	Guam PWC	215	Hazardous/Flammable Storage Facility	16600	SF	4300	215
1992	IC	Keflavik NAS	464	Fuel Facility (PH-7)	0	LS	9300	465
1992	IO	Diego Garcia SECGRUDET	054	Classic Wizzard	0	LS	617	31
1992	IT	Naples SO REGION JOIC	253	SR JOIC	30000	SF	19088	954
1992	IT	Naples NSA	112	Air Cargo Terminal	38820	SF	4200	210
1992	IT	Naples NSA	137	Utilities Upgrade Support	0	LS	5350	268
1992	IT	Sigonella ASWOC DET	144	ASWOC	0	LS	1696	85
1992	IT	Sigonella NAS	144	Operational Control Center	31592	SF	4904	245
1992	MQ	Midway Is NAF	288	Oil Spill Prevention	0	LS	2300	115
1992	PR	Roosevelt Roads NS	495	Sanitary Wastewater System Upgrade	0	LS	7100	355
1992	UK	Edzell Scotland NSGA	063	Classic Wizard Facilities Upgrade	0	LS	822	41
1992	UK	St Mawgan NWF	804	ASW Operations Center Addition	2600	SF	2400	120
1992	UK	St Mawgan NWF	811	Air Cargo Apron	38800	SY	5700	285
1992	AK	Adak NSGA	069	Bachelor Enlisted Quarters With Mess	10640	SF	9500	475
1992	AK	Adak NSGA	076	Classic Wizard	8000	SF	3393	170
1992	AK	Anchorage NSGSD	192	Operations Building Classic OWL	0	LS	1827	91
1992	AK	Shemya NSGDS	292	Operations Building Classic OWL	0	LS	1912	96
1992	CA	Camp Pendleton MCAS	439	AC Fire & Rescue Station Addition	0	LS	650	33
1992	CA	Camp Pendleton MCAS	605	Operational Trainer	7000	SF	1360	68
1992	CA	Camp Pendleton MCB	522	Armory Small Arms/Ammo/EM GR	0	LS	1460	73
1992	CA	China Lake NWC	454	Integ Naval Air Defense System Facility	43600	SF	16000	800
1992	CA	Concord NWS	284	Advanced Weapons Facility	21290	SF	6700	335
1992	CA	Concord NWS	289	Guided Missile Integration Facility	1000	SF	1250	63
1992	CA	Coronado NAVPHIBASE	187	Colds Pier	785	FB	1600	80
1992	CA	Coronado NAVPHIBASE	954	LCAC Complex (Incr IV)	0	LS	9000	450
1992	CA	Coronado NAVPHIBASE	956	Bachelor Enlisted Quarters	38100	SF	5300	265
1992	CA	Miramar NAS	254	TACAIRCRW Combat Training Center	6500	SF	1300	65
1992	CA	Miramar NAS	338	Maintenance Hangar - O/H Space	0	LS	1250	63
1992	CA	Miramar NAS	350	CASS Facility	0	LS	2400	120
1992	CA	Monterey NPGS	139	Engineering Building	67000	SF	12000	600
1992	CA	Monterey NPGS	162	Fire Protection System	198000	SF	2900	145
1992	CA	Port Hueneme NCBC	463	Child Development Center Addition	15000	SF	2300	115
1992	CA	Port Hueneme NCBC	481	Fleet Log Support Center	73500	SF	8293	415
1992	CA	Port Hueneme NCBC	486	Bachelor Enlisted Quarters	42134	SF	5200	260
1992	CA	San Diego NS	288	Mess Hall Air Conditioning	0	LS	350	18
1992	CA	San Diego NS	294	EM Roll Garden Pier	940	SY	2800	140
1992	CA	San Diego NSB	048	Bachelor Enlisted Quarters	114770	SF	15250	763
1992	CA	San Diego NSC	041	General Warehouse	0	LS	3500	175
1992	CA	San Diego NSC	065	General Warehouse	98160	SF	6100	305
1992	CA	San Diego NSC	066	MHE Maintenance Building	9255	SF	1800	90
1992	CA	San Diego PWC	079	Auto Vehicle Maintenance/Hold Shed	54280	SF	9300	465
1992	CA	San Diego PWC	116	Electrical Distribution System Upgrade	0	LS	7500	375

DEPARTMENT OF NAVY

PROJECT DESIGNS WHICH REQUIRE FY91 MCON FUNDING BASED ON THE CURRENT PROGRAM AND SUBJECT TO CHANGE

Year	ST/CTY	Location/Installation	PNO	Description	Quantity	UM	Cost	Design $
1992	CA	Seal Beach NWS	134	Missile Magazines	13180	SF	3780	189
1992	CA	Seal Beach NWS	151	Missile Production Facility	49000	SF	9700	485
1992	CT	Groton SUBSUPFACNLON	394	Sub Int Maintenance Facility	0	LS	5800	290
1992	CT	New London NSB	320	Fire Station	3600	SF	770	39
1992	CT	New London NSB	384	Land Acquisition	0	LS	4650	233
1992	CT	New London NSB	415	Underground Tank Replacement	0	LS	2900	145
1992	CT	New London NSB	417	Religious Education Center	0	LS	1050	53
1992	CT	New London NSB	418	Bachelor Enlisted Quarters	88771	SF	11800	590
1992	DC	Washington DC COMNAVDIST	304	Hazardous Waste Storage	0	LS	2050	103
1992	DC	Washington DC COMNAVDIST	306	Child Development Center	0	LS	3600	180
1992	DC	Washington DC COMNAVDIST	312	Fire Protection	0	LS	1500	75
1992	DC	Washington DC NRL	040	Space Craft/Sat Lab	80000	SF	12485	624
1992	FL	Homestead NSGA	002	Land Acquisition	1770	AC	2262	113
1992	FL	Jacksonville NADEP	615	Paint Hangar Alterations	44	KG	3300	165
1992	FL	Jacksonville NH	185	PW Shop/Emergency Vehicle Garage	0	LS	850	43
1992	FL	Key West NAVSECGRUACT	637	Communications Building Addition	17810	SF	1100	55
1992	FL	Mayport NS	115	Water Treatment Facility	8000	KG	8000	400
1992	FL	Mayport NS	125	Pier Fire Protection	0	LS	1800	90
1992	FL	Mayport NS	736	Child Development Center	16020	SF	2150	108
1992	FL	Mayport NS	827	Feet Water Demineralization	0	LS	1050	53
1992	FL	Mayport NS	836	Hazardous Waste Facility	0	LS	990	50
1992	FL	Orlando NTC	175	Child Development Center	34780	SF	4000	200
1992	FL	Orlando NTC	202	Cold Storage Warehouse	10370	SF	1650	83
1992	FL	Orlando NTC	479	Barracks	0	LS	12383	619
1992	FL	Pensacola NAS	047	Brig	31540	SF	4000	200
1992	FL	Pensacola NAS	568	Water Survival Training Facility	40350	SF	4300	215
1992	FL	Pensacola NSC	271	Cold Storage Warehouse	25560	SF	5700	285
1992	GA	Kings Bay NSB	442	Generator Test Addn	0	LS	580	29
1992	GA	Kings Bay NSB	444	Trident Training Complex Addition	55100	SF	9200	460
1992	HI	Barbers Point NAS	225	Bachelor Enlisted Quarters Modernization	27620	SF	3300	165
1992	HI	Honolulu NAVCAMS EPAC	130	Bachelor Enlisted Quarters Modernization	14670	SF	1500	75
1992	HI	Lualualei NM	140	Torpedo/Missile Maintenance Shop	37420	SF	8700	435
1992	HI	Pearl Harbor NS	259	Electrical Safety Improvements	0	LS	540	27
1992	HI	Pearl Harbor NSB	105	Security Lighting	10000	LF	1300	65
1992	HI	Pearl Harbor NSB	107	Berthing Wharves	74120	SF	18100	905
1992	HI	Pearl Harbor NSB	115	SIMA	0	LS	39000	1,950
1992	HI	Pearl Harbor NSB	120	Berthing Wharf	33600	SF	23000	1,150
1992	HI	Pearl Harbor NSY	256	Sprinkler System	0	LS	800	40
1992	HI	Pearl Harbor PWC	472	Sewage System Improvements	0	LS	1650	83
1992	HI	Pearl Harbor PWC	478	Wastewater Treatment Plan Modernizations	0	LS	1250	63
1992	HI	Pearl Harbor PWC	482	Wastewater Treatment Plant Expansion	0	LS	10540	527
1992	IL	Great Lakes NTC	550	Mess Hall Modernization	104200	SF	6000	300
1992	IN	Crane NAVWPNSUPPCEN	238	Pest Control Shop	5000	SF	620	31
1992	ME	Winter Harbor NSGA	045	Classic Wizard Facilities Upgrade	0	LS	308	15
1992	ME	Annapolis NAVACAD	208	General Warehouse	40320	SF	3350	168
1992	MD	Annapolis NRTF	963	Electrical Distribution System	0	LS	1900	95
1992	MD	Bethesda NATNAVMEDCEN	923	Bachelor Enlisted Quarters Modernization	0	LS	3500	175
1992	MD	Bethesda NATNAVMEDCEN	932	Sewage Line Replacement	0	LS	970	49

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Year	ST/CTY	Location/Installation	PNO	Description	Quantity	UM	Cost	Design $
1992	MD	Bethesda NATNAVMEDCEN	933	Potable Line Replacement	0	LS	830	42
1992	MD	Indian Head NOS	106	Industrial Wastewate Treatment Facility (Incr 2)	0	LS	5500	275
1992	MD	Patuxent River NATC	494	Alert Facility	10370	SF	4800	240
1992	MD	St Inigoies NAVELEXSYS	712	ACLS Integrated Test Facility	0	LS	1760	88
1992	MD	St Inigoies NAVELEXSYS	720	Electrical System Integration Lab	27900	SF	5800	290
1992	MD	St Inigoies NAVELEXSYS	725	Sanitary Wastewater System	0	LS	900	45
1992	NV	FAllon NAS	282	Range Air Surveillance System	0	LS	2500	125
1992	NJ	Earle NWS	871	Child Development Center	8500	SF	1250	63
1992	NJ	Earle NWS	931	Road Improvements	12	EA	3650	183
1992	NJ	Earle NWS	940A	Trestles Replacement (Phase II)	0	LS	40000	2,000
1992	NY	New York NAVSTA	050	Bachelor Officer Quarters	0	LS	2400	120
1992	NC	Camp Lejeune MCB	853	Vehicle Ready Fuel Storage	160000	GA	2500	125
1992	NC	Cherry Point MCAS	014	Wastewater Treatment Plant Improvement	7200	KG	15500	775
1992	NC	Cherry Point MCAS	031	A/C Bombing Range (Incr III)	0	LS	1800	90
1992	NC	Cherry Point MCAS	668	Organic Storage Facility	14800	SF	1500	75
1992	NC	Cherry Point NADEP	507	AC Accessories Overhaul Shop	34500	SF	6800	340
1992	NC	New River MCAS	545	ACFI Rapid Refuel Station	0	LS	7100	355
1992	OK	Tinker AFB NAVAIRDET	062	Bachelor Enlisted Quarters (Phase II)	208	PN	4800	240
1992	SC	Beaufort MCAS	380	Air Traffic Control Tower	9980	SF	2300	115
1992	SC	Charleston FMWTC	624	Fire Fighting Trainer	50997	SF	13200	660
1992	SC	Charleston NS	741	Telephone Duct Banks	0	LS	2200	110
1992	SC	Charleston NWS	783	Tomahawk Missile Magazines	15600	SF	2150	108
1992	SC	Charleston NWS	803	High Explosive Magazine	5482	SF	1200	60
1992	SC	Charleston SUBTRAFAC	820	Fire Fighting Trnr Fac	12300	SF	4150	208
1992	SC	Parris Island MCRD	304	Combat Trng Pool/Tank	0	LS	4700	235
1992	TX	Corpus Christi NAS	270	Airfield Lighting	0	LS	5000	250
1992	TX	Kingsville NAS	206	Electrical Distr Sys Imprs	0	LS	1450	73
1992	VA	Chesapeake NSGA NW	736	Land Acquisition	850	AC	2571	129
1992	VA	Chesapeake NSGA NW	832	BEQ/Mess Hall	59105	SF	7400	370
1992	VA	Chesapeake NSGA NW	864	CMIO Addition	14578	SF	1800	90
1992	VA	Dahlgren SURWARFARECTR	225	Electronic Systems Lab	42350	SF	8100	405
1992	VA	Little Creek NAVPHIBSE	204	Surf War Dev Grp Opers Fac	16900	SF	2210	111
1992	VA	Little Creek NAVPHIBSE	338	LCAC (PH III)	50384	SF	10400	520
1992	VA	Norfolk COMOSYSLANT	332	Surtass Support Center	6160	SF	2400	120
1992	VA	Norfolk NADEP	327	Aircraft Rework Fac Repl	118320	SF	16100	805
1992	VA	Norfolk NAS	300	Alert Force Building	7000	SF	1100	55
1992	VA	Norfolk NAS	519	Maintenance Hangar	77670	SF	8290	415
1992	VA	Norfolk NAVCAMS LANT	141	Communications Ctr Addn	45000	SF	4650	233
1992	VA	Norfolk NAVCAMS LANT	401	Satelite Terminal	0	LS	1900	95
1992	VA	Norfolk NAVCAMS LANT	810	VLF Antenna	0	LS	2400	120
1992	VA	Norfolk NAVCAMS LANT	965	Electrical Distr System	0	LS	920	46
1992	VA	Norfolk NS	638	Fire Alarm Sys Improv	16560	SF	340	17
1992	VA	Norfolk NSC	648	Fleet personal Prop Office	8900	SF	950	48
1992	VA	Norfolk PWC	822	Steam Dist System Improve	119491	LF	4150	208
1992	VA	Norfolk PWC	826	Electrical Distr Lines	51440	LF	3150	158
1992	VA	Oceana NAS	179	A-6F oper Flgt Trnr Addn	11652	SF	2020	101
1992	VA	Oceana NAS	718	Squadron Trng Bldg Addn	47500	SF	5250	263
1992	VA	Portsmouth NH	025	Bachelor Enlisted Quarters	0	LS	6600	330

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Year	ST/CTY	Location/Installation	PNO	Description	Quantity	UM	Cost	Design $
1992	VA	Portsmouth SIMA	320	Shore Int Maint Facility	114800	SF	13732	687
1992	VA	Wallops Island AEGIS	329	Utilities Improvements	0	LS	2100	105
1992	VA	Yorktown NWS	415	Missile Magazine	18592	SF	4650	233
1992	WA	Bangor COMSUBGRU	409	Satelite Terminal	2600	SF	2050	103
1992	WA	Bangor TRIDENT REFITFA	031	Data Processing Ctr Addn	10000	SF	2360	118
1992	WA	Bremerton Pugetsnd NSC	233	Haz & Flam Storehouse	74400	SF	12550	628
1992	WA	Bremerton Pugetsnd NSY	270	Inact Sub Mooring Fac	0	LS	4800	240
1992	WA	Bremerton Pugetsnd NSY	274	Land Acquisition	22	AC	20500	1,025
1992	WA	Bremerton Pugetsnd NSY	275	Pier Upgrade	0	LS	11700	585
1992	WA	Bremerton Pugetsnd NSY	293	Mooring Platform	0	LS	1030	52
1992	WA	Bremerton Pugetsnd NSY	622	Indus Spt Complex (INCR II)	85500	SF	23500	1,175
1992	WA	Silverdale STRATWEPFAC	813	Reentry Body Mags	32154	SF	8440	422
1992	WA	Silverdale STRATWEPFAC	939	Missile Assembly Building	16790	SF	6230	312
1992	WA	Silverdale STRATWEPFAC	942	MSL Motor Mags Mods	63207	SF	7240	362
1992	WA	Silverdale STRATWEPFAC	944	Support Equipment Storage	0	LS	690	35
1992	WA	Silverdale STRATWEPFAC	945	EHW Modification	0	LS	600	30
1992	WA	Silverdale STRATWEPFAC	948	Missile Motor Mags	34350	SF	11960	598
1992	WA	Silverdale STRATWEPFAC	951	Launcher Support Building	8840	SF	2310	116
1992	WA	Silverdale STRATWEPFAC	952	Utilities & Site Imprvs	0	LS	12125	606
1992	WA	Whidbey Is NAS	400	Aircraft Maint Facilities	0	LS	9200	460
1992	WA	Whidbey Is NAS	511	Flt Area Ctrl & Surv Fac	26500	SF	6800	340
1992	WA	Whidbey Is NAS	871	Fleet Training Facility	41340	SF	10400	520
1992	WA	Whidbey Is NAS	890	Aircraft Trng Bldg (PH II)	31000	SF	5200	260

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Year	ST/CTY	Location/Installation	PNO	Description	Quantity	UM	Cost	Design $
1993	CU	Guantanamo Bay NS	347	Bachelor Civilian Quarters	42240	SF	9100	455
1993	GU	Guam COMSUBGRU 7 REP	408	Satellite Terminal	2600	SF	2758	138
1993	GU	Guam NCS NSGD	001	Land Easement	0	LS	1039	52
1993	GU	Guam NAVCAMS WESTPAC	234	Classic Wizard Upgrade	0	LS	935	47
1993	GU	Guam NAVCAMS WESTPAC	416	Satellite Terminal	0	LS	2880	144
1993	GU	Guam NAVMAG	633	Construction Trailer Shed	2208	SF	600	30
1993	IC	Keflavik NAS	469	Fuel Facilities	0	LS	2000	100
1993	IC	Keflavik NCS	523	Receiver Building	6600	SF	3705	185
1993	IT	Sigonella NAS	729	Bachelor Enlisted Quarters	71590	SF	9200	460
1993	IT	Sigonella NAS	805	Road/Utilities	0	LS	9900	495
1993	PR	Roosevelt Roads NS	863	Child Development Center	8725	SF	1800	90
1993	PR	Roosevelt Roads NS	890	Subsistence Warehouse	24780	SF	2400	120
1993	PR	Roosevelt Roads WPNTRFAC	486	AWM Integrated Facility	3340	SF	2100	105
1993	UK	St Mawgan NWF	805	Squadron Ops (NBC)	5200	SF	3200	160
1993	AK	Adak NAS	017	Fire Station	25510	SF	11300	565
1993	AK	Adak NAS	896	Bachelor Enlisted Quarters Modernization	43510	SF	8750	438
1993	AK	Adak NAS	908	Operational Control Center	27200	SF	14000	700
1993	AK	Adak PATWINGS PACDET	908	ASWOC	0	LS	4836	242
1993	CA	Camp Pendleton MCB	515	Mess Hall Expansion	15040	SF	1960	98
1993	CA	Camp Pendleton MCB	521	Combat Training Area (San Onofre)	101760	SF	2380	119
1993	CA	Camp Pendleton MCB	712	Armory (Pulgas)	0	LS	480	24
1993	CA	Camp Pendleton MCB	853	Water Distribution Improvements	0	LS	1380	69
1993	CA	Camp Pendleton MCB	932	Electrical Upgrade (Haybern Canyon)	0	LS	3310	166
1993	CA	China Lake NWC	428	Electrical & Electronics System Lab	31600	SF	6900	345
1993	CA	Concord NWS	270	Missile Magazine	12940	SF	2700	135
1993	CA	El Toro MCAS	576	Fixed Aircraft Start System	0	LS	950	48
1993	CA	Lemoore NAS	074	Battery Shop	2825	SF	500	25
1993	CA	Lemoore NAS	1058	Weapons Area Improvements	0	LS	10200	510
1993	CA	Miramar NAS	293	Child Development Center	16650	SF	2300	115
1993	CA	Monterey FNOC	029	Interferometer (Andres Peak)	10600	SF	2700	135
1993	CA	Monterey NPGS	145	Supply Complex	0	LS	1500	75
1993	CA	Monterey NPGS	152	Spanagel Level 2	0	LS	6500	325
1993	CA	North Island NAS	552	Missile Magazine	26520	SF	6000	300
1993	CA	Point Mugu PMTC	031	Range Operations Center	60720	SF	12100	605
1993	CA	Port Hueneme NCBC	422	Hazardous & Flammable Storehouse	0	LS	4900	245
1993	CA	Port Hueneme NCBC	487	Bachelor Enlisted Quarters Replacement (Ph II)	0	LS	5640	282
1993	CA	San Diego FCTCPAC	033	Bachelor Enlisted Quarters and Mess Hall	94840	SF	14200	710
1993	CA	San Diego FCTCPAC	034	Applied Instruction Building	3910	SF	650	33
1993	CA	San Diego NEPMU #5	232	EPMU-5 Modernization	0	LS	980	49
1993	CA	San Diego NHLTHRSCHCEN	002	Medical Laboratory	44790	SF	6579	329
1993	CA	San Diego NSB	099	Child Development Center	0	LS	4130	207
1993	CA	San Diego NTC	067	Fire Protection System	0	LS	430	22
1993	CA	San Diego TACINTSUPACT	035	Multots Relocation	0	LS	5440	272
1993	CA	San Diego TACINTSUPACT	351	Advance Electricians School	0	LS	9268	463
1993	CA	Seal Beach NWS	137	Missile Magazines	39530	SF	11200	560
1993	CA	Seal Beach NWS	140	Phoenix Magazine	14550	SF	2640	132
1993	CA	Seal Beach NWS	143	Harm Missile Magazine	13180	SF	2650	133
1993	CA	Seal Beach NWS	183	Enlarge Turning Basin	1	EA	30000	1,500

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Year	ST/CTY	Location/Installation	PNO	Description	Quantity	UM	Cost	Design $
1993	CA	Stockton NCS	420	Satellite Terminal	0	LS	1041	52
1993	CA	Twentynine Palms MAGCC	455	Non-Potable Water System	8E+10	GA	4600	230
1993	CA	Twentynine Palms MAGCC	494	Armory	0	SF	3200	160
1993	CA	Twentynine Palms MAGCC	506	Anti-Armor Tracking Range	43000	LS	2400	120
1993	CA	Vallejo NESEC	020	Electronics Tech Center	0	SF	6800	340
1993	CT	New London NSB	021	General Warehouse	8800	LS	10330	517
1993	CT	New London NSB	057	Road Improvements	23390	SF	2800	140
1993	CT	New London NSB	080	Vehicle Maintenance Facility	2500	SF	3850	193
1993	CT	New London NSB	084	Pier Replacement	0	SY	8300	415
1993	CT	New London NSB	185	Bachelor Enlisted Quarters Modernization	0	LS	9200	460
1993	CT	New London NSB	391	Steam Turbine Generator	0	LS	5950	298
1993	CT	New London NSB	401	Fire Protection	0	LS	1100	55
1993	CT	New London NSB	421	Utilities Improvements	0	LS	8600	430
1993	CT	New London NSB	428	Pier Improvements	0	LS	19500	975
1993	DC	Washington DC COMNAVDIST	239	Supply Warehouse	137725	SF	8487	424
1993	DC	Washington DC NRL	703	Special Projects Building	28000	SF	7797	390
1993	FL	Cape Canaveral NOTU	941	Sewerage System Upgrade	0	LS	1412	71
1993	FL	Cecil Field NAS	016	Squadron Deployment Facility	12870	SF	1150	58
1993	FL	Cecil Field NAS	254	Aircraft Maintenance Training Building	14765	SF	2200	110
1993	FL	Cecil Field NAS	266	Jet Engine Test Cell	5900	SF	4600	230
1993	FL	Jacksonville NAS	159	Helicopter Wash and Rinse Facility	0	LS	600	30
1993	FL	Jacksonville NAS	181	MK 50 Torpedo Maintenance Facility	0	LS	6400	320
1993	FL	Jacksonville NAS	467	Bachelor Enlisted Quarters	144040	SF	14000	700
1993	FL	Jacksonville NSC	519	Cold Storage Warehouse Addition	6162	SF	800	40
1993	FL	Orlando NTC	106	Fire Protection System	0	LS	1400	70
1993	FL	Orlando NTC	251	Bachelor Enlisted Quarters	0	LS	12800	640
1993	FL	Pensacola NADEP	513	Dynamic Components Rework Facilites	112280	SF	16100	805
1993	GA	Albany MCLB	305	Abrasive Blast Facility	19600	SF	4080	204
1993	GA	Kings Bay NSB	226	Outdoor Pool & Bath House	0	LS	1330	67
1993	GA	Kings Bay NSB	443	Fairing Alignment Facility	0	LS	390	20
1993	GA	Kings Bay NSB	445	Dikes	0	LS	3000	150
1993	GA	Kings Bay TRITRNGFAC	501	Sub Firefighting Trainer	0	EA	3719	186
1993	HI	Barbers Point NAS	202	Child Development & Family Services Centers	6700	SF	1800	90
1993	HI	Barking Sands PMRF	047	Aircraft Parking Apron	55100	SY	4580	229
1993	HI	Barking Sands PMRF	064	Security Improvements	0	LS	2440	122
1993	HI	Honolulu NAVCAMS EPAC	070	Bachelor Enlisted Quarters Modernizations	55230	SF	4800	240
1993	HI	Honolulu NAVCAMS EPAC	127	Antenna Safety Improvements	0	LS	1340	67
1993	HI	Honolulu NAVCAMS EPAC	413	Satellite Terminal	0	LS	2094	105
1993	HI	Makalapa NTCC	421	Satellite Terminal	0	LS	2094	105
1993	HI	Pearl Harbor COMOCSYS	422	Berthing Pier	1300	FB	27890	1,395
1993	HI	Pearl Harbor NSB	089	Supply Warehouse & Headquarters	26300	SF	4950	248
1993	HI	Pearl Harbor NSB	097	Berthing Pier	33000	SF	19094	955
1993	HI	Pearl Harbor NSB	098	Maintenance Shops & Storage	13670	SF	4600	230
1993	HI	Pearl Harbor PMU-6	343	EPMU-6 Modernization	0	LS	1500	75
1993	HI	Pearl Harbor PWC	442	Electrical Distrubtion System Improvements	170000	LF	7108	355
1993	IL	Great Lakes NTC	518	Diesel/Gas Turbine School	23900	SF	3750	188
1993	IN	Crane NAVWPNSUPPCEN	262	Microwave Components	0	LS	6000	300
1993	ME	Winter Harbor NSGA	028	Land Acquisition	0	LS	581	29

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Year	ST/CTY	Location/Installation	PNO	Description	Quantity	UM	Cost	Design $
1993	MD	Annapolis NAVACAD	133	Bachelor Enlisted Quarters	0	LS	2706	135
1993	MD	Indian Head NAVEODTECHCT	100	Combined Research Lab	7700	SF	1400	70
1993	MD	Patuxent River NATC	383	Engine Test Cell	0	LS	5100	255
1993	MD	Patuxent River NATC	426	Hazardous/Flammable Material Storage Facility	12860	SF	2830	142
1993	MD	White Oak NSURWARCNDET	089	Sur Ship ASW Combat System Facility	342442	SF	6100	305
1993	MS	Bay St Louis NOARL	006	Ocean Acoustics Research Lab	66330	SF	6620	331
1993	MS	Gulfport NCBC	733	Child Development Center Addition	0	LS	600	30
1993	NJ	Earle NWS	894	Missile Magazines	18000	SF	6800	340
1993	NJ	Earle NWS	909	Missile Magazine	8370	SF	4000	200
1993	NJ	Earle NWS	913	Explosive Truck Holding Yard	0	LS	3400	170
1993	NJ	Earle NWS	949B	Trestles Replacement (PH III)	0	LS	25000	1,250
1993	NJ	Earle NWS	952A	Pier & Trestle Replacement	0	FB	20000	1,000
1993	NM	White Sands NOMTF	006	Standard Missile Magazine	5430	SF	1450	73
1993	NY	New York NAVSTA	051	Headquarters Facility	0	LS	2940	147
1993	NY	New York NAVSTA	055	Security Facility	0	LS	1450	73
1993	NY	New York NAVSTA	104	U&SI	0	LS	15675	784
1993	NC	Camp Lejeune MCB	542	Electrical Comm Maintenance Shop	8058	SF	2790	140
1993	NC	Camp Lejeune MCB	939	Multi-Purpose Machine Gun Range	0	LS	2000	100
1993	NC	Camp Lejeune MCB	940	Automated Field Firing Range	0	LS	3029	151
1993	NC	Camp Lejeune NAVHOSP	704	Bachelor Enlisted Quarters	0	LS	2700	135
1993	NC	Cherry Point MCAS	827	Auto Organizational Shop	21110	SF	5300	265
1993	RI	Newport NETC	332	Brig	31330	SF	6500	325
1993	RI	Newport NETC	344	Hazardous/Flammable Storehouse	0	LS	540	27
1993	RI	Newport NETC	352	Bachelor Enlisted Quarters	56240	SF	7300	365
1993	RI	Newport NETC	368	Fuel Oil Storage	1705000	GA	1950	98
1993	RI	Newport NETC	387	Child Development Center	11850	SF	2182	109
1993	RI	Newport NETC	403	Electrical Distribution System Upgrade (PH II)	0	LS	3928	196
1993	SC	Charleston NS	814	Small Arms Range	0	LS	1650	83
1993	SC	Charleston NWS	544	Ordnance Firefighting System	0	LS	510	26
1993	SC	Charleston NWS	880	Hazardous Waste Storage & Trans Facility	0	LS	540	27
1993	TN	Memphis NAS	011	Fire & Crash Rescue Station	10450	SF	1750	88
1993	TN	Memphis NAS	170	Applied Instruction Building	66160	SF	9100	455
1993	TN	Memphis NAS	291	Fire Material Mockup	0	LS	1400	70
1993	TX	Corpus Christi NAS	250	Bachelor Enlisted Quarters Improvements	0	LS	1360	68
1993	TX	Kingsville NAS	236	Corrosion Control Hangar	29200	SF	8500	425
1993	VA	Chesapeake NSGA NW	831	Academic Instruction Complex	13980	SF	1800	90
1993	VA	Chesapeake NSGA NW	836	Indoor Range Complex	6540	SF	2940	147
1993	VA	Dam Neck FCTCLANT	966	Potable Water System	0	LS	1600	80
1993	VA	Dam Neck FCTCLANT	977	Child Development Center	0	LS	650	33
1993	VA	Little Creek NAVPHIBSE	426	Child Development Center	14530	SF	1700	85
1993	VA	Norfolk NAS	183	Mag Area Physical Security	22700	SF	930	47
1993	VA	Norfolk NAVENPVNTMEDU2	209	Industrial Hygiene Lab	3900	SF	543	27
1993	VA	Norfolk NS	030	Dredging	0	LS	500	25
1993	VA	Norfolk NS PERSUPPDET	655	Pass Office	0	LS	630	32
1993	VA	Norfolk NSC	425	Cold Storage Warehouse	152400	SF	12400	620
1993	VA	Oceana NAS	176	F-14D Wst Addition	0	LS	3580	179
1993	VA	Oceana NAS	821	Refuel Vehicle Shop	0	LS	610	31
1993	VA	Quantico MCCOMBDEV CMD	409	Anti-Armor Tracking Range	0	LS	3175	159

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Year	ST/CTY	Location/Installation	PNO	Description	Quantity	UM	Cost	Design $
1993	VA	Quantico MCCOMBDEV CMD	433	Combat Arms Staff Trainer	0	LS	2000	100
1993	VA	Wallops Island AEGIS	320	Bachelor Officer Quarters	20150	SF	3250	163
1993	VA	Wallops Island AEGIS	321	Bachelor Enlisted Quarters	21510	SF	2450	123
1993	VA	Yorktown NWS	416	Tomahawk Magazine	11890	SF	2550	128
1993	VA	Yorktown NWS	420	Missile Magazines	11885	SF	2500	125
1993	VA	Yorktown NWS	427	Harpoon Missile Magazines	18420	SF	4440	222
1993	VA	Yorktown NWS	473	Countermeasure Magazine	22970	SF	2500	125
1993	VA	Yorktown NWS	480	Hazardous Waste Storage Transfer Facility	0	LS	1050	53
1993	WA	Bangor TRIDENT REFITFA	072	Drydock Caisson	0	LS	5000	250
1993	WA	Bremerton Puget Sound NSY	162	abrasive Blast Material Facilityabrasive Blast M	9400	SF	1320	66
1993	WA	Bremerton Puget Sound NSY	261	Parking Area	0	LS	2190	110
1993	WA	Bremerton Puget Sound NSY	277	Sports Complex	44340	SF	9260	463
1993	WA	Bremerton Puget Sound NSY	279	Fleet Support Buildings	54100	SF	3420	171
1993	WA	Bremerton Puget Sound NSY	283	Bachelor Enlisted Quarters	78000	SF	14000	700
1993	WA	Bremerton Puget Sound NSY	294	Morring Buoy	0	LS	2000	100
1993	WA	Bremerton Puget Sound NSY	295	Utilities & Site Improvements	0	LS	6500	325
1993	WA	Keyport USEAWARENGSTA	334	Propulsion System Lab	24760	SF	5220	261
1993	WA	Silverdale STRATWEPFAC	805	REB Building Modernizations	0	LS	1210	61
1993	WA	Silverdale STRATWEPFAC	810	Missile Motor Magazines	0	LS	16580	829
1993	WA	Silverdale STRATWEPFAC	817	LEPB Addition	0	LS	2510	126
1993	WA	Silverdale STRATWEPFAC	946	Road Improvements	0	LS	3000	150
1993	WA	Silverdale STRATWEPFAC	953	Ballast Canister Facility	0	LS	2310	116
1993	WA	Silverdale STRATWEPFAC	955	Utilities & Site Improvements	0	LS	9340	467
1993	WA	Silverdale STRATWEPFAC	956	Dockside Handling Building Addition	0	LS	5330	41,419

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 91
DESIGN FUNDING (TENTATIVE LIST)

FY 92 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
AK	EIELSON	TRANSIENT PERSONNEL QTRS, PHI	12,962	79,500	SF	648
AK	EIELSON	ARCTIC SURVIVAL TNG SCHOOL	2,650	11,700	SF	133
AK	ELMENDOR	DORMITORY	8,700	288	PN	435
AK	ELMENDOR	MUNITIONS MAINT CONTROL FAC	1,400	4,800	SF	70
AK	SHEMYA	SUPPLY WAREHOUSE	16,000	98,650	SF	800
AK	SHEMYA	AIR FREIGHT TERMINAL	8,000	30,000	SF	400
AK	SHEMYA	UPGR BASE ROADS, PH II	1,400	8	MI	70
AK	SHEMYA	ALTER DORMITORY	8,900	52	PN	445
AK	SHEMYA	SEA WALL/EROSION PROTECTION	9,270	1,500	LF	464
AK	SHEMYA	HAZARDOUS MATER STOR FAC	4,400	11,000	SF	220
AL	GUNTER	UPGRADE DORMITORIES	4,000	304	PN	200
AL	GUNTER	AIRMEN DINING FACILITY	5,200	20,000	SF	260
AR	LITTLE R	PERSONNEL PROCESSING CENTER	2,550	56,500	SF	128
AZ	DAVIS-MO	WASTEWATER TREATMENT FACILITY	5,564		LS	278
AZ	DAVIS-MO	AIRCRAFT PRESERV FAC	2,700	15,400	SF	135
AZ	LUKE	ALT WASTEWATER TREATMENT FAC	2,900		LS	145
AZ	WILLIAMS	SPEC UPT MAINTENANCE SUPPORT	5,600	40,000	SF	280
CA	BEALE	BASE SUPPLY COMPLEX	3,450	18,900	SF	173
CA	BEALE	COVERED AIRCRAFT WASHRACK	2,200	24,200	SF	110
CA	BEALE	ALERT CREW VISITATION CENTER	800	4,000	SF	40
CA	CASTLE	FLIGHT INSTRUCTOR TRNG FACIL	3,000	25,200	SF	150
CA	CASTLE	COMBAT ARMS TRNG/MAINT FACS	900	3,260	SF	45
CA	EDWARDS	ALTER DORMITORIES	7,300	67,000	SF	365
CA	EDWARDS	ADAL ELECT DISTR SYS PH II	6,400		LS	320
CA	MARCH	DORMITORY	7,200	240	PN	360
CA	MCCLELLA	DEPOT MAINT & SUPPLY FAC	12,200	117,600	SF	610
CA	SIERRA	MUNITIONS MAINT FACILITY	1,700	35,000	SF	85
CA	TRAVIS	ADD/ALTER ELECTRIC SUBSTATION	2,600	10,000	KV	130
CA	TRAVIS	ADAL C-141 FLIGHT SIMULATOR	1,700	3,000	SF	85
CA	VANDENBE	SUPPLY/COMMERCIAL TRANS (PH1)	8,700	94,500	SF	435
CO	BUCKLEY	TECHNICAL SUPPORT FACILITY	1,100	7,000	SF	55
CO	BUCKLEY	ADD TO AEROSPACE DATA FACILITY	40,000	150,000	SF	2,000
CO	BUCKLEY	ADD TO TECHNICAL SUPPORT FAC	800	2,200	SF	40
CO	FALCON	FIRE STATION	1,100		LS	55
CO	PETERSON	ADD TO AND ALTER DORMITORY II	2,700	144	PN	135
CO	PETERSON	ADAL CHILD CARE CENTER	4,000	24,100	SF	200
CO	PETERSON	CENTRAL INTEG SUPT FAC	20,979	90,000	SF	1,049
CO	USAF ACA	UPGRADE DORMITORIES	2,670	126	PN	134

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 91 DESIGN FUNDING (TENTATIVE LIST)

FY 92 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
DE	DOVER	DORMITORIES	7,500	350	PN	375
DE	DOVER	ADD/ALTER ACFT MAINT SHOP	3,150	22,000	SF	158
FL	CAPE CAN	TERMINATE OUTGRANT	2,949		LS	147
FL	CAPE CAN	CENTAUR PROCESSING COMPLEX	24,000	64,500	SF	1,200
FL	EGLIN	ALT ACFT MAINT FACS	2,900	124,426	SF	145
FL	HOMESTEA	ALTER DORMITORIES	4,900	280	PN	245
FL	PATRICK	COMBAT COMM OPS & TNG FAC 2CCG	1,250	16,500	SF	63
FL	PATRICK	COMB COMM ELECT/READ/PREP FAC	6,700	102,000	SF	335
FL	TYNDALL	SOUND SUPPRESSOR SUPPORT	583	1	EA	29
FL	TYNDALL	DORMITORY	2,700	144	PN	135
GA	ROBINS	JOINT STARS AUTOM TEST FAC	2,750	14,000	SF	138
GA	ROBINS	BASE ENGINEER COMPLX PH I	6,000	98,000	SF	300
GA	ROBINS	UPGR UNINTERRUP POWER SUPPLY	2,274	2,500	SF	114
GA	ROBINS	ADAL ALERT FACILITY	2,350	29,800	SF	118
HI	CAMP SMI	MILSTAR GROUND COMM TERMINAL	2,050	1,750	SF	103
HI	HICKAM	UPGRADE WATER DISTRIB SYSTEM	1,700	14,000	LF	85
HI	HICKAM	NCO PME CENTER	3,700	23,700	SF	185
HI	HICKAM	RECREATION CENTER	4,150	30,000	SF	208
ID	MT HOME	ALTER DORMITORY	2,900	137	PN	145
ID	MT HOME	MAINTENANCE HANGAR	4,500	32,000	SF	225
ID	MT HOME	PARARESCUE OPERATIONS FACILITY	1,850	10,000	SF	93
ID	MT HOME	SQUADRON OPERATIONS FACILITY	2,198	6,400	SF	110
IL	SCOTT	DINING FACILITY	4,350	18,700	SF	218
IL	SCOTT	UPGRADE ELECTRIC POWER MAC HQ	3,000		LS	150
IL	SCOTT	GENERAL PURP ACFT MAINT SHOP	8,645	70,500	SF	432
IL	SCOTT	DORMITORY	7,900	300	PN	395
KS	MCCONNEL	TEMPORARY LODGING FACILITY	2,700	45	UN	135
LA	BARKSDAL	ADAL VEHICLE MAINT COMPLEX	6,100	56,900	SF	305
LA	BARKSDAL	ALERT TAXIWAY BARRIER	550		LS	28
LA	BARKSDAL	B-52 FLIGHT SIMU TRAINING FAC	4,700	25,500	SF	235
MA	HANSCOM	UPGR LAB PHYS PLANT	8,000	72,872	SF	400
MA	HANSCOM	SECURITY POLICE OPERATIONS	3,200	23,640	SF	160

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 91
DESIGN FUNDING (TENTATIVE LIST)

FY 92 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
MD	ANDREWS	ADAL TO CHILD DEVELOPMENT CNTR	3,850	48,200	SF	193
MD	ANDREWS	OSI BUILDING	15,000	108,000	SF	750
ME	LORING	B-52 FLIGHT SIMULATOR TRNG FAC	5,200	18,600	SF	260
MO	WHITEMAN	B-2 MUNITIONS STORAGE IGLOOS 4	5,800	2	EA	290
MO	WHITEMAN	B-2 ADAL COMMUNICATIONS CENTR	2,500	18,100	SF	125
MO	WHITEMAN	B-2 ENGINE MAINTENANCE SHOP	2,700	26,000	SF	135
MO	WHITEMAN	B-2 CONVENTIONAL MUNITIONS SHP	1,750	9,500	SF	88
MO	WHITEMAN	B-2 DEFENSE ACCESS ROADS	5,000		LS	250
MO	WHITEMAN	B-2 ACFT APRON/TAXIWAY UPGRADE	10,700	48,900	LS	535
MO	WHITEMAN	B-2 AREA SECURITY IMPROVEMENTS	5,500		LS	275
MO	WHITEMAN	B-2 AIRCRAFT MAINT DOCKS	34,450	105,000	SF	1,723
MO	WHITEMAN	B-2 HYDRANT FUEL/UTIL SYSTEM	14,900		LS	745
MO	WHITEMAN	B-2 ADD/ALTER UTILITY SYSTEMS	6,700		LS	335
MO	WHITEMAN	B-2 CHEMICAL STORAGE FACILITY	4,000		LS	200
MO	WHITEMAN	B-2 FIRE STATION	2,700	6,500	SF	135
MS	COLUMBUS	FUEL SYSTEMS MAINTENANCE DOCK	1,200	8,600	SF	60
MS	COLUMBUS	ALTR SPEC UPT SQUAD OPS FAC	600	1	SF	30
MS	KEESLER	ACADEMIC DEVELOPMENT CENTER	3,500	28,000	SF	175
MS	KEESLER	BASE CONTRACTING FACILITY	1,400	11,700	SF	70
MT	MALMSTRO	BASE ENGINEER COMPLEX	7,000	55,000	SF	350
MT	MALMSTRO	KC-135R-ORG MAINT SHOP ADD'N	620	4,200	SF	31
MT	MALMSTRO	KC-135R-FLIGHTLINE FOOD SERV	1,400	5,000	SF	70
NC	POPE	CHILD DEVELOPMENT CENTER	2,150	15,450	SF	108
NC	SEYMOUR	ALTER DORMITORIES	4,900	304	PN	245
NC	SEYMOUR	ADAL KC-10 FUEL CELL/CORR CTL	2,300	24,000	SF	115
ND	GRAND FO	ADAL PHYSICAL FITNESS CENTER	4,245	53,000	SF	212
ND	MINOT	ADD/ALTER MISSILE MAINT SHOP	3,950	34,300	SF	198
NE	OFFUTT	SECURITY POLICE OPERATIONS FAC	3,150	20,000	SF	158
NE	OFFUTT	MILSTAR COMM GROUND TERMINAL	3,100	3,950	SF	155
NE	OFFUTT	ADAL MAJCOM HEADQUARTERS	2,500	147,500	SF	125
NH	NEW BOST	BCE COMP, PASS/ID & SEC FENCE	3,334		SF	167

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 91
DESIGN FUNDING (TENTATIVE LIST)

FY 92 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
NM	CANNON	DORMITORY	4,000	200	PN	200
NM	HOLLOMAN	VARIOUS FACILITIES	73,000		LS	3,650
NM	HOLLOMAN	CONTROL TOWER	2,040	1	EA	102
NM	HOLLOMAN	ALTER DORMITORIES	2,640	152	PN	132
NM	HOLLOMAN	AIRCRAFT PARKING RAMP	3,500	23,200	SY	175
NM	HOLLOMAN	SQUADRON OPERATIONS FACILITY	2,100	6,400	SF	105
NM	HOLLOMAN	HELICOPTER HANGAR	4,500	23,200	SF	225
NM	HOLLOMAN	PARARESCUE OPERATIONS FACILITY	1,750	10,000	SF	88
NM	KIRTLAND	ALTER DORMITORIES	5,600	300	PN	280
NV	NELLIS	CIVIL ENG COMPLEX-PHII	4,400	45,200	SF	220
NY	GRIFFISS	SQUADRON OPERATIONS ADDITION	990	7,000	SF	50
NY	GRIFFISS	ALERT TAXIWAY BARRIERS	1,350		LS	68
NY	GRIFFISS	SAC REBASING - ADAL IMF	2,550	8,500	SF	128
NY	GRIFFISS	SAC REBASING - MUNITNS IGLOOS	2,380	2	EA	119
NY	PLATTSBU	COLD STORAGE FACILITY	1,200	4,400	SF	60
OH	NEWARK	LOG SYSTEMS OPS CTR	5,000	31,000	SF	250
OH	WRIGHT P	ACQUISITION MNGT COMPLEX PH 1	20,000	107,000	SF	1,000
OH	WRIGHT P	DORMITORY	5,300	264	PN	265
OH	WRIGHT P	TAXIWAY	6,839	105,000	SY	342
OK	ALTUS	C-17 CORROSION CONTROL FAC	13,700	100,000	SF	685
OK	ALTUS	FUEL CELL MAINTENANCE DOCK	6,000	21,500	SF	300
OK	ALTUS	ADAL APRON AND REFUEL SYS PH I	14,800		LS	740
OK	ALTUS	C-17 PARALLEL RUNWAY PHASE I	21,900	515,800	SY	1,095
OK	ALTUS	C-17 ADAL AERIAL PORT TRNG FAC	3,800	33,400	SF	190
OK	ALTUS	C-17 ALTER SQUADRON OPERATIONS	850	8,000	SF	43
OK	TINKER	UPG WATER SUPPLY/STOR/DIST SYS	3,300		LS	165
OK	TINKER	B-2 DEPOT CORROSION CNTRL FAC	44,000	186,000	SF	2,200
OK	TINKER	START-ENGINE STAGING FAC	500	5,000	SF	25
OK	VANCE	ADAL SPEC UPT SQUAD OPS FAC	600	5,100	SF	30
SC	CHARLEST	ADD/ALTER PHYSICAL FITNESS CTR	2,750	27,600	SF	138
SC	CHARLEST	ADAL APRON/HYDRANT FUEL SYSTEM	18,000		LS	900
SC	CHARLEST	FIRE/CRASH/RES STA NORTH FLD	2,850	14,000	SF	143
SD	ELLSWORT	ALERT TAXIWAY BARRIER	700		LS	35
SD	ELLSWORT	WATER STORAGE TANK	810	1,000	KG	41
SD	ELLSWORT	WEAPONS STORAGE AREA LIGHTING	700	1	LS	35

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 91
DESIGN FUNDING (TENTATIVE LIST)

FY 92 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
TN	ARNOLD	ADD TO/ALTER FUEL SYSTEMS	2,400		LS	120
TX	BROOKS	CONSOL ACADEMIC COMPLEX	7,502	83,500	SF	375
TX	CARSWELL	ADD/ALTER BASE ROADS	1,450	800	LS	73
TX	CARSWELL	SURVIVAL EQUIPMENT SHOP	1,500	11,500	SF	75
TX	DYESS	ALERT TAXIWAY BARRIER	1,337		LS	67
TX	DYESS	ALTER FUEL SYSTEMS MAINT HGR	440	27,160	SF	22
TX	GOODFELL	CENTER COMMAND & CNTRL COMPLEX	1,850	19,200	SF	93
TX	KELLY	ADAL WEAPON SYS SUPPORT CENTER	10,000	100,000	SF	500
TX	LACK ANX	MOBILITY STORAGE/TRAINING	1,165	13,250	SF	58
TX	LACKLAND	CENTER MANAGEMENT FACILITY	7,100	60,000	SF	355
TX	LACKLAND	CONSOLIDATED BMTS HQ/ACAD FAC	5,000	44,900	SF	250
TX	LACKLAND	WING SUPPORT COMPLEX, TECH TNG	1,950	13,400	SF	98
TX	LACKLAND	ADD TO AND ALTER DORMITORY	3,800	1	EA	190
TX	LACKLAND	UPGRADE STORM DRAINAGE SYSTEM	2,250	1	LS	113
TX	LAUGHLIN	ADAL SPEC UPT SQUAD OPS FAC	1,400		LS	70
TX	RANDOLPH	AIRCRAFT SHELTERS (HONDO ARPT)	420		LS	21
TX	RANDOLPH	ALTER LOGISTICS MANAGEMT SHOP	2,800	36,700	SF	140
TX	RANDOLPH	ADAL SPEC UPT SUPPORT FAC	435	1	LS	22
TX	REESE	ADAL LIFE SUPT EQMT FACS	1,000	10,400	SF	50
TX	REESE	ADAL SPEC UPT SUPPORT FAC	950	1	LS	48
TX	SHEPPARD	ADAL MEDICAL TRAINING COMPLEX	7,199	100,500	SF	360
TX	SHEPPARD	RUNWAY AND LAND	7,080		LS	354
TX	SHEPPARD	REGIONAL WASTEWATER CONNECTION	1,300	15,000	LF	65
TX	SHEPPARD	ALTER FLIGHT TRAINING FAC	520		LS	26
UT	HILL	MISSILE MAINTENANCE SHOP	2,530	9,300	SF	127
UT	HILL	START-MSL STORAGE CMPLX (UTTR)	11,400	230,000	SF	570
UT	HILL	START-MSL DISASSEMBLY (UTTR)	1,000	7,500	SF	50
UT	HILL	START-DEPOT WAREHOUSE	6,100	240,000	SF	305
UT	HILL	START-MUNITIONS STORAGE FAC	2,000	67,000	SF	100
UT	HILL	START-VIS OFF QTRS (UTTR)	2,400	50	PN	120
UT	HILL	ICBM NDI FACILITY	2,800	11,000	SF	140
VA	BELVOIR	AF INTELLIGENCE BLDG , PHASE I	11,400	70,000	SF	570
VA	LANGLEY	MILSTAR GROUND COMM TERMINAL	2,042	1,750	SF	102
VA	LANGLEY	ELECTRICAL SUBSTATION	3,250		LS	163

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 91 DESIGN FUNDING (TENTATIVE LIST)

FY 92 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE	DESIGN ($000)
	VARIOUS	VARIOUS FACILITIES	1,500	LS	75
	VARIOUS	VARIOUS JOINT STARS	10,260	LS	513
	VARIOUS	VARIOUS FACILITIES	3,518	LS	176
	VARIOUS	VARIOUS FACILITIES PACCS	10,500	LS	525
	VARIOUS	START COMPLIANCE FACILITIES	1,930	LS	97
	VARIOUS	START COMPLIANCE FACILITIES	8,084	LS	404
	VARIOUS	B-52 FACILITIES	10,000	LS	500
	VARIOUS	VARIOUS LIFT FACILITIES	820	LS	41
WA	FAIRCHIL	ALERT TAXIWAY BARRIER	700	LS	35
WA	FAIRCHIL	ALCM FUEL STORAGE TANK	300	7,000 GL	15
WY	CHEYENNE	BOUNDARY FENCE	500	22,000 LF	25
WY	F E WARR	TRANSPORTATION COMPLEX (PH2)	5,300	55,000 SF	265
	BASE 42	MILSTAR COMMUNICATION TERMINAL	1,400	2,160 SF	70
	BASE 179	ADAL SPECIAL OPERATIONS FACIL	21,700	67,000 SF	1,085
	BASE 179	ADAL CORROSION CONTROL	5,500	39,000 SF	275
	BASE 179	ADAL HYDRANT FUEL SYSTEM	2,150	6 OL	108
	BASE 179	ADAL LIFE SUPPORT FACILITY	280	7,070 SF	14

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 91
DESIGN FUNDING (TENTATIVE LIST)

FY 92 PROJECTS

COUNTRY	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
GE	BITBURG	ADD TO AND ALTER DORMITORY	4,000	246	PN	200
GE	RAMSTEIN	ADAL VEHICLE MAINTENANCE FAC	2,950		LS	148
GL	THULE	UPGRADE AIRFIELD PAVEMENTS II	8,000	181,500	SY	400
GU	ANDERSEN	ALTER DORMITORY	6,500	174	PN	325
GU	ANDERSEN	FIRE TRAINING FACILITY	1,550	1	LS	78
GU	ANDERSEN	ADD/ALTER CHILD CARE CENTER	2,400		LS	120
IC	KEFLAVIK	HELICOPTER RESCUE ALERT HANGAR	9,500	19,000	SF	475
IT	SAN VITO	RETROFIT OPERATIONS FACILITY	420		LS	21
KO	KUNSAN	AIRCRAFT SHELTERS-PHASE 2	5,200	11	EA	260
KO	OSAN	MUNIT PRELOAD EQMT STOR FAC	1,050	7,500	SF	53
KO	OSAN	MUNITIONS LINE DELIVERY FAC	2,906	11,945	SF	145
OS	ASCENSIO	CONSOL INSTRUMENT FAC	10,800	21,500	SF	540
OS	BASE 101	F-15E ADAL FUELS MAINT FAC	1,370	4,800	LS	69
OS	BASE 101	F-15E SUPPORT EQUIP STORAGE	330	3,000	SF	17
OS	BASE 101	T-9 SOUND SUPPRESSOR SUPPORT	300	1,452	SY	15
OS	BASE 101	F-15E DISPERSED STORAGE FAC	1,500	6,000	SF	75
OS	BASE 200	OPERATIONS FACILITY	36,619		LS	1,831
OS	BASE 200	MILSTAR COMM GROUND TERMINAL	4,300	4,050	SF	215
PO	LAJES	TOWER/RAPCON	4,500	1	LS	225
SP	ZARAGOZA	AEROSPACE SUPPORT EQUIP SHOP	2,150	16,000	SF	108
TU	ANKARA	COMMUNICATIONS FACILITY	600		LS	30
UK	CHICKSAN	OPS FAC TECH MODERNIZATION	1,580		LS	79
UK	LAKENHEA	MUNITIONS STORAGE IGLOOS	2,139	10,000	SF	107
UK	LAKENHEA	ADD TO AND ALTER DORMITORY	3,850	162	PN	193
UK	MILDENHA	ADD TO AND ALTER DINING HALL	2,050		LS	103
	VARIOUS	VARIOUS FACILITIES	600		LS	30
	CLASSIFI	VARIOUS FACILITIES	19,195		LS	960

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 92 DESIGN FUNDING (TENTATIVE LIST)

FY 93 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
AK	EIELSON	AIRCRAFT SUPT EQMT FAC	4,150	19,500	SF	208
AK	EIELSON	BASE CIVIL ENGINEERING FAC	3,600	16,400	SF	180
AK	EIELSON	UPGRADE WATER TREATMENT PLANT	3,750		LS	188
AK	EIELSON	CONSOLIDATED MAINTENANCE OPS	2,200	9,200	SF	110
AK	ELMENDOR	FIRE TRAINING AREA	2,321		LS	116
AK	ELMENDOR	VEHIC OPS FAC/PARKING-COVERED	4,400	34,600	SF	220
AK	ELMENDOR	ACFT SUPT EQMT SHP/STOR FAC	3,500	20,400	SF	175
AK	ELMENDOR	SUBORDINATE UNIFIED CMD HQ FAC	7,100	23,000	SF	355
AK	ELMENDOR	ADD TO CHILD DVLPMT CENTER	4,750	17,100	SF	238
AL	GUNTER	SOURCE SELECTION FACILITY	1,350	12,400	SF	68
AL	GUNTER	TECHNOLOGY DEMONSTRATION FAC	1,550	14,400	SF	78
AL	GUNTER	ADAL COMMUNICATIONS FACILITY	400	3,500	SF	20
AL	GUNTER	FIELD PRINTING PLANT	2,900	35,000	SF	145
AL	GUNTER	LOGISTICS MANAGEMENT CENTER	4,515	35,000	SF	226
AL	MAXWELL	ALT SOS STUDENT QTRS PH 3	3,000	49,200	SF	150
AL	MAXWELL	ADAL CONSOLIDATED SUPT COMPLEX	1,900		LS	95
AR	LITTLE R	ADD/ALTER CHILD DEVELOP CENTER	2,650	36,200	SF	133
AZ	DAVIS-MO	CIVIL ENGINEER FACILITY	2,800	24,000	SF	140
AZ	LUKE	DINING FACILITY	4,250	20,400	SF	213
AZ	WILLIAMS	RUNWAY LIGHTING, 12L/30R	2,537	1	LS	127
CA	CASTLE	STANDARDIZATION EVAL CENTER	2,250	14,100	SF	113
CA	EDWARDS	CHILD CARE CENTER/PRESCHOOL	4,100	21,200	SF	205
CA	EDWARDS	ADAL ELECT DISTR SYS PH III	11,270		LS	564
CA	MARCH	COMBAT ARMS TRAINING FACS	5,610		LS	281
CA	MARCH	LAW CENTER/PUBLIC AFFAIRS	1,700	8,000	SF	85
CA	TRAVIS	RELOCATE JET FUEL PIPELINE	810	9,000	LF	41
CA	VANDENBE	SUPPLY/COMMERCIAL TRNS (PH2)	2,200	9,150	SF	110
CA	VANDENBE	LAND ACQUISITION,PHASE 3	12,000	19,000	AC	600
CA	VANDENBE	ICBM LAUNCH SUPPORT CENTER	4,700	15,000	SF	235

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 92 DESIGN FUNDING (TENTATIVE LIST)

FY 93 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
CO	PETERSON	SPACE OPERATIONS TRAINING FAC	8,184	87,000	SF	409
CO	PETERSON	SPACE SUPPORT CENTER	6,916	90,800	SF	346
CO	PETERSON	TEST & EVALUATION SUPPORT FAC	2,200	10,000	SF	110
CO	PETERSON	ADAL DORMITORY PH III	3,000	138	PN	150
CO	PETERSON	ADD TO & ALTER DORMITORY IV	2,700	276	PN	135
CO	USAF ACA	UPGRADE ENERGY MNGMT & CTL SYS	1,600		LS	80
CO	USAF ACA	ALTER COMMUNITY CENTER COMPLEX	3,650	54,843	SF	183
CO	USAF ACA	POTABLE WATER TANK	1,600	2,000	KG	80
CO	USAF ACA	BASE OPERATIONS FACILITY	1,600	9,000	SF	80
CO	USAF ACA	REPLACE SAILPLANE HANGAR	1,950	15,200	SF	98
DC	BOLLING	BASE ENGINEER COMPLEX	8,470	93,500	SF	424
FL	AVON PAR	REPLACE RUNWAY LIGHTS	1,000		LS	50
FL	EGLIN	ALT ACFT MAINT FACS	6,200	26,574	SF	310
FL	EGLIN	TACT CTRL AND SQRDN OPS PH I	2,650	26,000	LS	133
FL	HOMESTEA	TEMPORARY LODGING FACILITY	2,300	30	UN	115
FL	MACDILL	ALTER DORMS	5,227	395	PN	261
FL	PATRICK	COMBAT COMM READINESS FACILITY	2,050	45,000	SF	103
FL	PATRICK	BASE ENGINEERING COMPLEX	8,900	80,885	SF	445
FL	TYNDALL	ENG & SERV TECHNICAL RES FAC	9,700	62,000	SF	485
FL	TYNDALL	BASE SUPPLY COMPLEX	3,815	101,000	SF	191
GA	MOODY	CONTROL TOWER	3,674	1	EA	184
GA	ROBINS	AIRCRAFT MAINTENANCE FACILITY	4,900	27,900	SF	245
GA	ROBINS	PACKAGING COMPLEX	4,600	98,800	SF	230
GA	ROBINS	ADAL LOG SYSTEMS OPNS CENTER	2,950	23,000	SF	148
GA	ROBINS	ACFT SPT EQUIP PAINT FAC	720	3,600	SF	36
GA	ROBINS	BASE ENGINEER COMPLEX PHASE II	3,700	34,700	SF	185
HI	HICKAM	CONSOL CUSTOMER SUPPORT CTR	9,000	51,500	SF	450
HI	HICKAM	REPAIR AIRCRAFT APRON	5,400	32,500	SY	270
KS	MCCONNEL	ALERT TAXIWAY BARRIER	550		LS	28
LA	BARKSDAL	AIRCRAFT MAINTENANCE DOCK	6,400	45,740	SF	320
LA	BARKSDAL	HYDRANT FUEL SYSTEM	18,000		LS	900
LA	BARKSDAL	ACFT PARKING APRON LIGHTING	830		LS	42
LA	BARKSDAL	KC-10 ENGINE RUNUP PAD	2,300	10,000	SY	115
LA	BARKSDAL	WSA SECURITY FENCE UPGRADE	940	20,000	LF	47

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 92
DESIGN FUNDING (TENTATIVE LIST)

FY 93 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
MA	HANSCOM	IMPROVE DORMS	4,600	101,364	SF	230
MD	ANDREWS	PHYSICAL FITNESS CENTER	4,200	31,400	SF	210
MD	ANDREWS	AIR FREIGHT TERMINAL	3,150	38,600	SF	158
MD	ANDREWS	T-9 SOUND SUPPRESSOR PAD	1,000	8,200	SF	50
MD	FT MEADE	ADAL OPERATIONS FAC	1,454	8,000	SF	73
ME	LORING	SECURITY IMPROVEMENTS	1,900	43,900	LS	95
MO	WHITEMAN	BASE OPERATIONS	3,250	19,100	SF	163
MO	WHITEMAN	B-2 UPGRADE ALERT APRON	16,000		LS	800
MO	WHITEMAN	B-2 ALERT AIRCRAFT DOCKS	22,400	49,200	SF	1,120
MO	WHITEMAN	B-2 IMPACT AID	2,000		LS	100
MO	WHITEMAN	B-2 ALERT AIRCRAFT DOCKS	17,600	78,200	SF	880
MO	WHITEMAN	B-2 ADAL UTILITY SYSTEMS	8,700		LS	435
MO	WHITEMAN	B-2 ADAL WSA CONVOY ROADS	1,800		LS	90
MO	WHITEMAN	B-2 MUNITIONS STORAGE IGLOOS	1,600	11,100	SF	80
MO	WHITEMAN	B-2 ADD/ALTER YOUTH CENTER	1,000	7,160	SF	50
MO	WHITEMAN	B-2 AIRCRAFT MAINT DOCKS	34,000	147,600	SF	1,700
MO	WHITEMAN	B-2 AIRCRAFT APRON/TAXIWAY	8,000		LS	400
MO	WHITEMAN	B-2 ALERT AREA SECURITY	13,000		LS	650
MT	MALMSTRO	UPGRADE ELECTRICAL DIST SYSTEM	8,835		LS	442
NC	POPE	FAMILY SUPPORT CENTER	530	4,600	SF	27
NC	POPE	COMBAT CONTROL FACILITY	3,600	43,563	SF	180
NC	POPE	ALTER DORMITORIES	3,900	75,400	SF	195
ND	GRAND FO	ALERT TAXIWAY BARRIER	500		LS	25
ND	GRAND FO	SEWAGE TREATMENT AND DISPOSAL	5,100		LS	255
ND	MINOT	FIRE STATION	3,550	20,500	SF	178
NE	OFFUTT	OPS FAC TECH MODERNIZATION	650		LS	33
NE	OFFUTT	BCE VEHICLE READINESS FACILITY	3,300	30,800	SF	165
NE	OFFUTT	HAZARDOUS MATERIAL STORAGE	3,064	11,200	SF	153
NJ	MCGUIRE	ADAL 21 AF OPERATIONS CENTER	1,200	11,500	SF	60
NJ	MCGUIRE	ALTER DORMITORIES PHASE 5	4,888	224	PN	244

DEPARTMENT OF THE AIR FORCE PROJECT DESIGNS WHICH MAY REQUIRE FY 92 DESIGN FUNDING (TENTATIVE LIST)

FY 93 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE	DESIGN ($000)
NM	HOLLOMAN	SOUND SUPPRESSOR	820	1 EA	41
NM	HOLLOMAN	SOUND SUPPRESSOR SUPPORT	960	LS	48
NM	HOLLOMAN	ALTER DORMITORY	2,800	152 PN	140
NM	KIRTLAND	TECHNICAL PHOTO/SUPPORT FAC	2,020	16,100 SF	101
NM	KIRTLAND	FUEL OPERATIONS FACILITY	680	2,000 SF	34
NV	NELLIS	AIRCRAFT LOADING APRON PH 4	5,300	47,100 LS	265
NV	NELLIS	CHILD DEVELOPMENT CENTER	3,100	18,625 SF	155
NV	NELLIS	SOUND SUPPRESSOR SUPPORT FAC	850	1 EA	43
NY	PLATTSBU	CONSOLIDATED FIRE STATION	4,250	25,500 SF	213
NY	PLATTSBU	UPGRADE ELECTRICAL DIST SYSTEM	7,200	30,000 LF	360
OH	WRIGHT P	AIRCRAFT MAINT HANGER	4,800	35,300 SF	240
OH	WRIGHT P	ADD TO COMPRESSOR RES FAC	1,200	5,400 SF	60
OH	WRIGHT P	FIRE STATION	1,200	9,600 SF	60
OH	WRIGHT P	AFIT OPERATIONS COMPLEX	9,870	82,500 SF	494
OH	WRIGHT P	HAZARDOUS MATERIAL STORAGE FAC	10,871	65,000 SF	544
OK	ALTUS	LAND ACQ FLEXER DROP ZONE	500	640 AC	25
OK	ALTUS	EXPAND KC-135 PARKING APRON	6,350	31,800 SY	318
OK	ALTUS	C-17 ADD/ALTER APRON/HYDRANTS	12,800	19,000 SY	640
OK	TINKER	ALTER DORMITORIES	4,757	280 PN	238
OK	TINKER	CMBT COMM SQ OPS FAC (PHASE I)	5,046	41,500 SF	252
OK	TINKER	EXTEND GAS MAIN	750	10,000 LF	38
OK	TINKER	ACQUISITION OPERATIONS FAC	3,050	21,800 SF	153
SC	CHARLEST	CHAPEL CENTER	2,050	13,200 SF	103
SC	CHARLEST	AIRFIELD LIGHTING VAULT	780	3,000 SF	39
SD	ELLSWORT	ADD/ALTER FIRE STATION	2,800	21,900 SF	140
TN	ARNOLD	PHYSICAL FITNESS TRAINING FAC	1,500	10,376 SF	75
TN	ARNOLD	CENTRAL FACILITIES TRANSFORMER	1,190	161 KV	60
TN	ARNOLD	CORRECT FIRE DEFICIENCIES	3,850	6,800 SF	193

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 92
DESIGN FUNDING (TENTATIVE LIST)

FY 93 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
TX	CARSWELL	LIFE SUPPORT FACILITY	1,300	9,460	SF	65
TX	CARSWELL	CONTROL TOWER	3,100	1	EA	155
TX	ELDORADO	UPGR UNINTERRUP POWER SUPPLY	2,400	1	LS	120
TX	GOODFELL	STUDENT DORMITORY	4,350	288	PN	218
TX	GOODFELL	WING SUPPORT FACILITY	3,050	23,700	SF	153
TX	GOODFELL	COMM SUPPORT FAC	3,300	19,100	SF	165
TX	KELLY	ALTER DORMITORY	3,800	272	PN	190
TX	KELLY	LOGISTICAL MATERIAL STOR FAC	9,800	200,000	SF	490
TX	KELLY	C-17A ADAL INTEGRATION SPT FAC	5,600	40,000	SF	280
TX	KELLY	C-17A COMPOSITES REPAIR FAC	7,500	85,000	SF	375
TX	KELLY	C-17A ALTER CORROSION CTRL FAC	700		LS	35
TX	LACKLAND	TRAINING SERVICES SHOP	5,700	44,300	SF	285
TX	LACKLAND	HWY 90 GATE AND BASE ROADS	3,700	1	LS	185
TX	LACKLAND	UPGRADE STORM DRAINAGE, PH II	3,600	1	LS	180
TX	LAUGHLIN	FIRE STATION	2,300	15,300	SF	115
TX	RANDOLPH	ALTER ENG/PERS MANAGEMENT FAC	3,550	46,700	SF	178
TX	REESE	WATER STORAGE TANK	500	500	KG	25
TX	SHEPPARD	STUDENT DORMITORY	5,700	120	PN	285
TX	SHEPPARD	COVERED AGE TRAINING FAC	960	8,500	SF	48
TX	SHEPPARD	COVERED AGE MAINT FAC (ENJJPT)		6,200	SF	
TX	SHEPPARD	STUDENT OFFICER HOUSING ENJJPT	3,750	200	PN	188
UT	HILL	DEPOT PRODUCTION SUPT WHSE	4,550	64,500	SF	228
UT	HILL	B/U POWER LANDING GEAR FAC	740		LS	37
UT	HILL	CROSS BASE ARTERIAL ROAD	1,900	33,800	SY	95
VA	LANGLEY	GYMNASIUM COMPLEX	4,920	33,710	SF	246
	VARIOUS	C-141 ATS FACILITIES	1,700		LS	85
	VARIOUS	VARIOUS JOINT STARS	41,310		LS	2,066
	VARIOUS	VARIOUS FACILITIES - C3 TAF	564		LS	28
	VARIOUS	VARIOUS FACILITIES-USTRANCOM	3,515		LS	176
	VARIOUS	VARIOUS FACILITIES	3,599		LS	180
	VARIOUS	VARIOUS BOS TAC FACILITIES	8,000		LS	400
	VARIOUS	VARIOUS FACILITIES-MINUTEMAN	8,800		LS	440
	VARIOUS	VARIOUS FACILITIES-EURO-NATO	1,650		LS	83
	VARIOUS	VARIOUS FACILITIES	18,931		LS	947
	VARIOUS	VARIOUS AWC FACILITIES	1,940		LS	97
	VARIOUS	VARIOUS COMB RESCUE FACILITIES	1,300		LS	65

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 92 DESIGN FUNDING (TENTATIVE LIST)

FY 93 PROJECTS

STATE	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
	VARIOUS	VARIOUS C-141 FACILITIES	9,000		LS	450
	VARIOUS	VARIOUS F-117 FACILITIES	31,000		LS	1,550
	VARIOUS	JOINT MGMT HQS FACILITIES	2,565		LS	128
	VARIOUS	VARIOUS SAC SEC FACILITIES	6,298		LS	315
	VARIOUS	JOINT MGMT HQS FACILITIES	481		LS	24
	VARIOUS	VARIOUS C-17 FACILITIES	14,393		LS	720
	VARIOUS	VARIOUS UPT FACILITIES	5,701		LS	285
	VARIOUS	B 52 FACILITIES	10,000		LS	500
	VARIOUS	TANKER TRANS TRAINING	7,873		LS	394
	VARIOUS	CENTENNIAL FACILITY	4,100		LS	205
	VARIOUS	DORM FACILITY	5,900		LS	295
	VARIOUS	DORM FACILITIES	7,868		LS	393
	VARIOUS	B-2 VARIOUS FACILITIES	20,975		LS	1,049
	VARIOUS	VARIOUS FACILITIES-MILSTAR	17,315		LS	866
	VARIOUS	VARIOUS FACILITIES	4,400		LS	220
	VARIOUS	VARIOUS FACILITIES - C3	307		LS	15
	VARIOUS	VARIOUS SPACE BOOSTER FACILITI	36,000		LS	1,800
WA	FAIRCHIL	PARACHUTE TRAINING FACILITY	2,200	13,500	SF	110
WA	FAIRCHIL	ACADEMIC COMPLEX	4,950	50,700	SF	248
WA	MCCHORD	ALTER CONSOLIDATED ED/TRNG CTR	4,500		LS	225
	BASE 158	B-2 ARMAMENT SYSTEMS TRAINER	3,400		LS	170
	BASE 158	B-2 WEAPONS STORAGE IGLOOS	2,900		LS	145
	BASE 158	B-2 SUPPORT EQUIPMENT FACILITY	6,500		LS	325
	BASE 158	B-2 SECURITY POLICE FACILITY	4,000		LS	200
	BASE 179	ALTER ACFT MAINT HANGARS	3,200	56,000	SF	160
	BASE 179	ADAL FLIGHT SIMULATOR FACILITY	970	3,600	SF	49
	BASE 181	AIRCRAFT PARKING RAMP	10,800		LS	540
	BASE 181	HYDRANT FUEL SYSTEM	13,900		LS	695
	BASE 181	ALERT CREW FACILITY	3,000		LS	150
	BASE 181	SQUADRON OPERATIONS	1,100		LS	55
	BASE 181	AIRFIELD PAVEMENTS	3,500		LS	175
	CLASSIFI	C-17 ADD/ALTER SIMULATOR FAC	3,400	13,850	SF	170
	CLASSIFI	C-17 ADD/ALTER ENGINE I&R SHOP	7,500	100,000	SF	375
	CLASSIFI	C-17 ADAL FIELD TRAINING FAC	3,700	45,100	SF	185

DEPARTMENT OF THE AIR FORCE
PROJECT DESIGNS WHICH MAY REQUIRE FY 92
DESIGN FUNDING (TENTATIVE LIST)

FY 93 PROJECTS

COUNTRY	LOCATION	TITLE	EST COST ($000)	SCOPE		DESIGN ($000)
GE	RAMSTEIN	CHILD CARE CENTER	1,850	10,500	SF	93
GE	RHEIN MA	AIRCRAFT PARKING	3,200	29,700	SY	160
GE	RHEIN MA	MOBILE AERIAL PORT FAC	3,892	33,400	SF	195
GE	RHEIN MA	SURVIVAL EQUIPMENT SHOP	1,650	10,400	SF	83
GE	SPANGDAH	PHYSICAL FITNESS CENTER	1,900	14,700	SF	95
GL	THULE	REPAIR AIRFIELD PH IV	6,416	87,360	SY	321
GR	IRAKLION	OPS FAC TECH MODERNIZ	1,100		LS	55
GU	ANDERSEN	ALTER JET FUEL STORAGE FACS	5,600	33,100	LS	280
IT	AVIANO	ADAL WATER STORAGE & DISTRIB	3,600		LS	180
JA	KADENA	OPS FAC TECH MODERNIZATION	650		LS	33
JA	MISAWA	PROTECT ESSENTIAL OPS FACILITY	2,500		LS	125
JA	MISAWA	ALTER HYDRANT FUELING SYSTEM	3,000	24	EA	150
KO	OSAN	PASSENGER TERMINAL	6,700	55,000	SF	335
MR	MOROCCO	POL RESUPPLY SYSTEM PH II	37,000	100	MI	1,850
	BASE 101	F-15E WING OPERATIONS COMPLEX	4,400	15,000	SF	220
PO	LAJES	TRANSIENT DORMITORY	2,300	40	PN	115
RP	CLARK	EQUIPMENT MAINTENANCE FACILITY	3,973	5,520	SF	199
TU	ANKARA	ADD TO ELECTRICAL DIST SYS	2,050	1	LS	103
TU	PIRINCLI	COMPOSITE COMMUNITY CENTER	2,250	9,300	SF	113
UK	BENTWATE	YOUTH CENTER	1,850	11,300	SF	93
UK	BENTWATE	MUNITIONS STORAGE IGLOOS	4,933	7	EA	247
UK	CHICKSAN	ADAL SECURITY POLICE OPS FAC	1,500	7,000	SF	75
UK	MILDENHA	STANDBY POWER FACILITY	950	400	KW	48

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